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SUPERMARKET FINANCIAL PERFORMANCE STUDY
1987-1988

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The Food Marketing Institute (FMI) is a nonprofit association conducting programs in research, education and public affairs on behalf of its 1,600 members -- food retailers and wholesalers and their customers in the United States and overseas. FMI's domestic member companies operate approximately 17,000 retail food stores with a combined annual sales volume of $180 billion -- more than half of all grocery sales in the United States. Most of FMI's retail membership is composed of large multi-store chains, small regional firms and independent supermarkets. Its international membership includes more than 190 members from over 50 nations.

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About This Report

The Food Marketing Institute is very pleased to provide this first annual *FMI Supermarket Financial Performance Study*. This research effort is designed to succeed both the *Headquarters and Distribution Center Cost Review* formerly conducted by FMI, and the *Operating Results of Food Chains* previously produced by Cornell University. As a result, this report contains the most relevant information previously found in both studies.

This study has been designed to serve as an easy-to-understand, managerial tool for industry firms to evaluate their own companies' operating costs and financial performance in order to pinpoint strengths, weaknesses, and improvement opportunities. The overriding objective of this report is to provide information which will enable food marketing executives to better manage their businesses.

To conduct and prepare the study, and to assure strict confidentiality of responses, FMI employed the services of Leas, Noon and Associates, a survey research firm headquartered in Columbus, Ohio. Confidential survey forms (refer to the Appendix for a sample) were sent to retail food chains with annual sales over $50 million. Survey forms were mailed in July 1988, and completed responses were received through December.

EVALUATING THE DATA

The *1987-88 FMI Supermarket Financial Performance Study* is designed to help food chain executives in evaluating their own performance relative to that of similar firms in order to identify improvement opportunities. The information in this report represents broad performance "yardsticks" against which performance can be measured. Spotting significant differences between your firm's performance and the industry composites can be the first step toward improving performance. When making comparisons, several points should be noted:

- A deviation between your figures (for any performance measure) and numbers in the report is not necessarily good or bad. It merely indicates that additional analysis may be required. As a rule, the larger the difference, the greater the need for further investigation.

- In situations where large deviations do exist, it may be helpful to calculate the same measure over the past several years to identify any trends that may have occurred.

- The information in this report should be used as **guidelines** rather than absolute **standards**. Since food companies differ as to their overall strategy, location, size, and other factors, any two concerns can be successful, yet have very different experiences relative to certain measures.

HOW THE TABLES ARE ORGANIZED

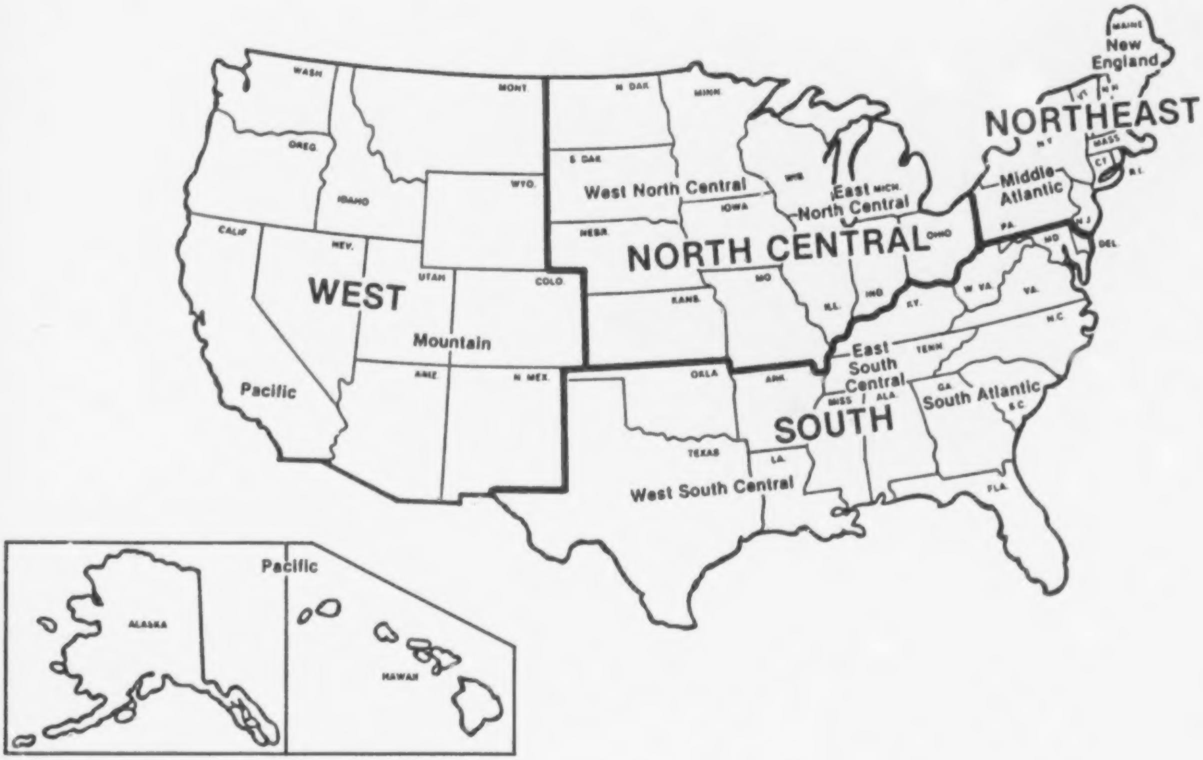
The tables in this report are organized to include a number of financial ratios for each relevant aggregation of similar firms. In particular, the financial information provided includes:

- Overall financial profitability and strength ratios comparing profits to total assets and net worth.
- Space productivity ratios for "all firms" as well as for "identical stores" (those which have been operated continuously for both the present and previous fiscal years).
- Information on store formats, including total square feet per store, sales per store, and sales per square foot.
- Personnel productivity ratios relating to net sales, gross margin and net profit.
- Warehouse operations ratios dealing with square footage and inventory turnover.
- Financial management ratios relating to leverage and liquidity of operations.
- Percentage income statement and balance sheet information.
- A detailed breakdown of all expenses by natural division (payroll, utilities, insurance, etc.), as well as by responsibility center (store operations, warehouse operations, transportation operations, etc.).

This information is provided for all relevant aggregations of the data including:

All Firms	Refers to the results of all supermarket food chains responding to the survey. Although differences obviously exist among firms even of the same sales volume size, or geographic area, it is felt that there are enough similarities to make a total population of "all firms" analysis valuable.
Sales Volume Size	There are often substantial differences in the operations of smaller versus larger food chains. Thus, the survey details are separated into various groups by firm sales volume to make it more meaningful. For food executives primarily concerned with the data in their own sales volume group, the following aggregations are provided: ☐ Sales less than $300 million ☐ Sales $300 million to $800 million ☐ Sales over $800 million

- **Geographic Region** Many differences may also exist depending upon the area of the country. Thus, the analysis also includes regional data broken into geographic regions based on the four U.S. census regions as follows:
    - Northeast
    - North Central
    - South
    - West


NORTHEAST
New England
Middle Atlantic
NORTH CENTRAL
West North Central
East North Central
SOUTH
South Atlantic
East South Central
West South Central
WEST
Mountain
Pacific
Pacific
WASH
OREG
CALIF
IDAHO
NEV.
MONT.
WYO.
UTAH
COLO.
ARIZ
N MEX.
N DAK
S DAK
NEBR
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FLA
S.C
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VA
W VA
PA
N.Y
MD
DEL
N.J
VT
N.H
MAINE
MASS
CT
R.I
ALASKA
HAWAII

INTERPRETING THE NUMBERS

Whereas the *Operating Results of Food Chains* has historically employed combined dollar averages to compute the survey results and the *FMI Headquarters and Distribution Center Cost Study* has used means, this new research venture has utilized both for the appropriate measures. These two methods of calculating the survey results are being provided so that historical trends can be maintained from both studies. Both methods result in similarly accurate representations of industry experience, although from slightly different perspectives.

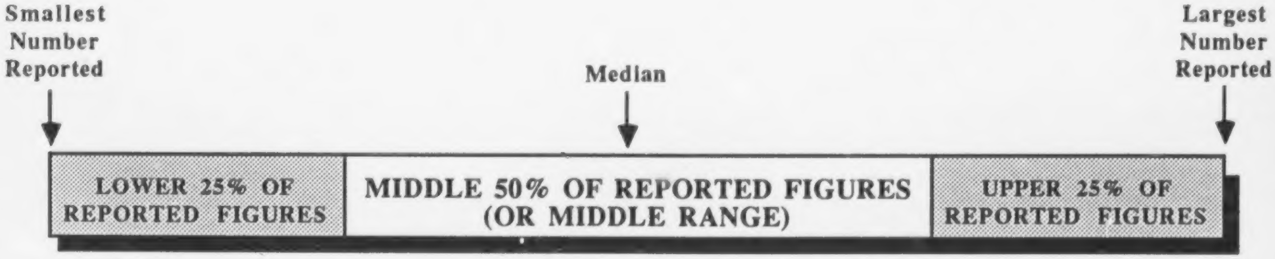
The **"Mean"** figures in this report were obtained by calculating the various ratios for all individual survey forms, and subsequently averaging the resulting individual firms' ratios. This has the effect of giving all firms in the survey equal weight in the calculation of the industry comparatives, **regardless of the size of the company.** For example, a calculation such as payroll as a percent of sales would be calculated as payroll expense divided by net sales for each individual survey. These resulting ratios would then be averaged to determine the mean figure (see example below).

The "**Combined Dollar Average**" figures in this report were obtained by weighting each item by the sales volume of that firm. This has the effect of giving **greater weight to larger sales volume firms** in the calculation of the industry comparatives. For example, the calculation of payroll expense as a percent of sales would be calculated as all firms' payroll expenses divided by all firms' sales volumes. This resulting ratio would be the combined dollar average figure (see example below).

Generally speaking, the Combined Dollar Average figures are more indicative of the overall food marketing industry performance, as they are weighted by the larger sales volume firms. On the other hand, the Mean figures are more useful for intra- and inter- firm comparisons as they give equal weight to all survey participants, regardless of size.

In addition, most of the **profitability** and **productivity** measures are reported on the basis of **Medians.** The "median" figure represents the mid-point of the figures for a particular measure, with one-half of the responding firms reporting figures above it and one-half below (see example below). The median is a good indicator of "typical" performance when calculating **financial ratios**, as it is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances.

Also included for most of the performance indicators is the "middle range." This represents the experience of the middle 50 percent of all firms in the data grouping when items are arranged numerically from lowest to highest. In other words, the upper and lower limits on the "middle range" are simply the upper and lower quartiles, respectively, for that ratio.


Smallest Number Reported
Median
Largest Number Reported
LOWER 25% OF REPORTED FIGURES
MIDDLE 50% OF REPORTED FIGURES (OR MIDDLE RANGE)
UPPER 25% OF REPORTED FIGURES

The example below details the various methods of calculations used in this report. It is provided to clarify the terms used, and provides **hypothetical data** for a sample ratio.

Example

Company #	Expense Item	÷	Net Sales	=	Individual Ratios
1	$32,100		$342,000		9.39%
2	47,500		400,000		11.88
3	48,100		427,000		11.26
4	48,300		430,000		11.23
5	49,900		499,000		10.00
6	50,100		504,000		9.94
7	52,000		507,000		10.26
Total	328,000		3,109,000		73.96%

Combined Dollar Average Method

$$\frac{\text{Total Expenses}}{\text{Total Sales}} = \frac{328{,}000}{3{,}109{,}000} = \mathbf{10.55\%}$$

Mean Method

$$\frac{\text{Total Individual Ratios}}{\text{Number of firms}} = \frac{73.96}{7} = \mathbf{10.57\%}$$

Median Method

Individual ratios aligned numerically lowest to highest.

Company #	Individual Ratios
1	9.39
6	**9.94**
5	10.00
7	**10.26**
4	11.23
3	**11.26**
2	11.88

← Median

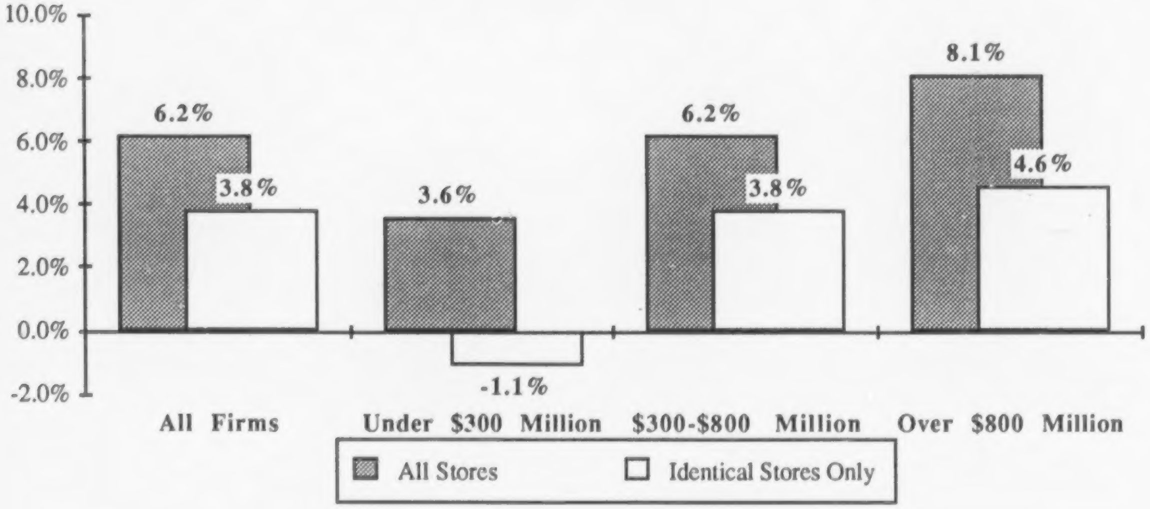
Middle Range

Overview of Industry Performance

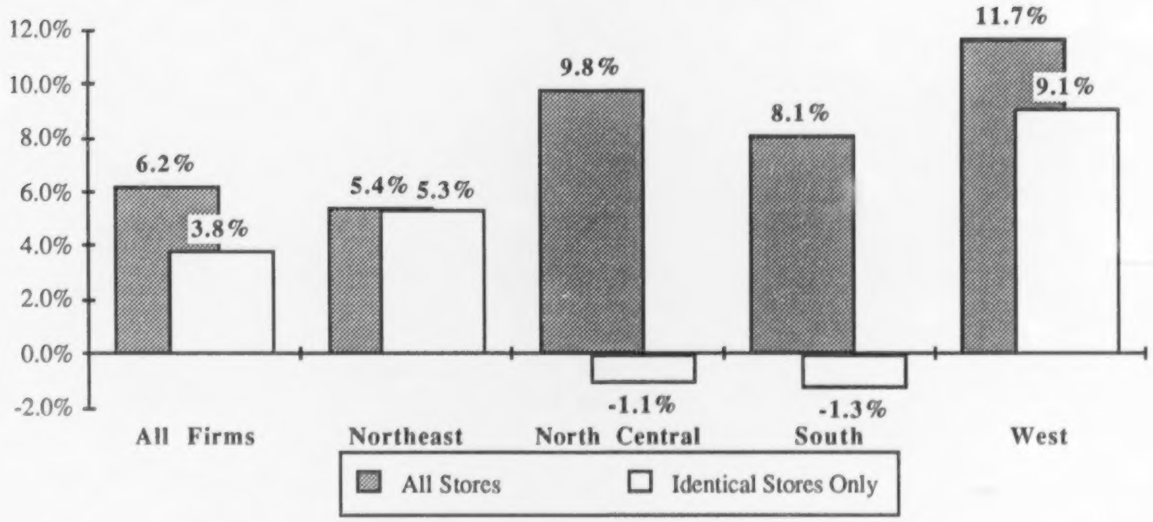
SALES GROWTH

The typical food distributor participating in the *1987-88 FMI Supermarket Financial Performance Study* achieved a sales growth of 6.2% in the latest fiscal year. When tracking the sales of "identical stores" (those which were operated continuously during the most recent fiscal year and the previous fiscal year), sales growth was a more moderate 3.8%. Sales growth measures tended to vary in proportion to the size of the firm this year, as firms with higher sales volumes reported the largest percentage increases. Large companies had higher "identical stores" sales growth as well.

Sales Growth From Previous Year
By Sales Volume



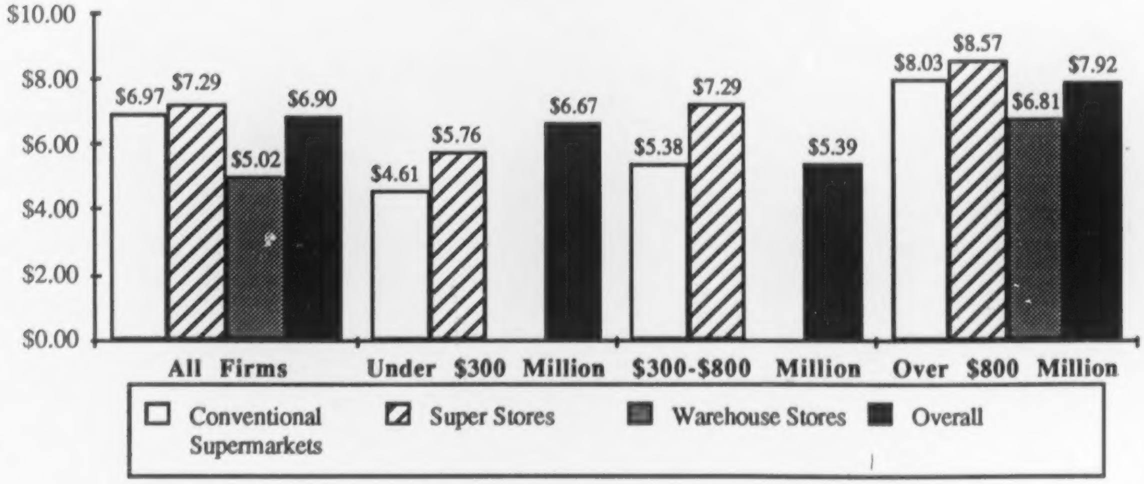
When reviewing sales growth by geographic region of headquarters, great disparities can be observed. The West region reported the greatest increases in sales, both for "all stores" and "identical stores only." The Northeast reported more moderate increases in sales with "all stores" and "identical stores" reporting growth rates just under 5.5%. Both the North Central and South regions reported strong overall growth (9.8% and 8.1%, respectively), but reported decreases in sales for stores which have been operated continuously for the most recent and previous fiscal years.



Sales Growth From Previous Year
By Geographic Region

SALES BY STORE FORMAT

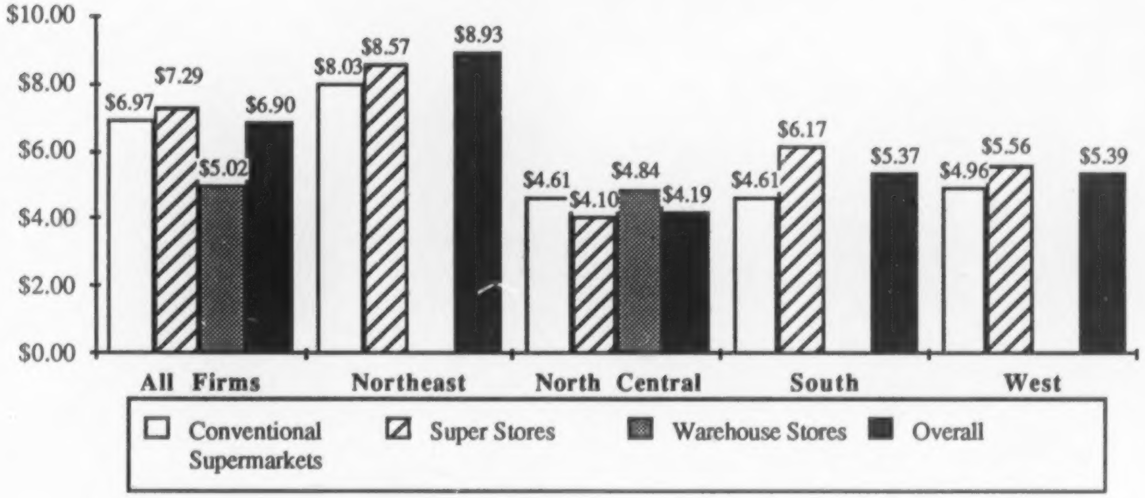
The overall weekly sales per total square foot experienced by the typical respondent were $6.90. Super stores achieved the highest level ($7.29), while warehouse stores were the lowest ($5.02). Firms with sales over $800 million achieved the highest sales per square foot for each type of store format, with super stores reporting a superior $8.57.



Weekly Sales per Total Square Foot
By Sales Volume

When examining weekly sales per square foot by geographic region, the Northeast achieved superior performance for each store format. Overall, the West and South regions reported similar experiences ($5.39/sq. ft. and $5.37/sq. ft., respectively), while the North Central region reported somewhat lower space productivity.

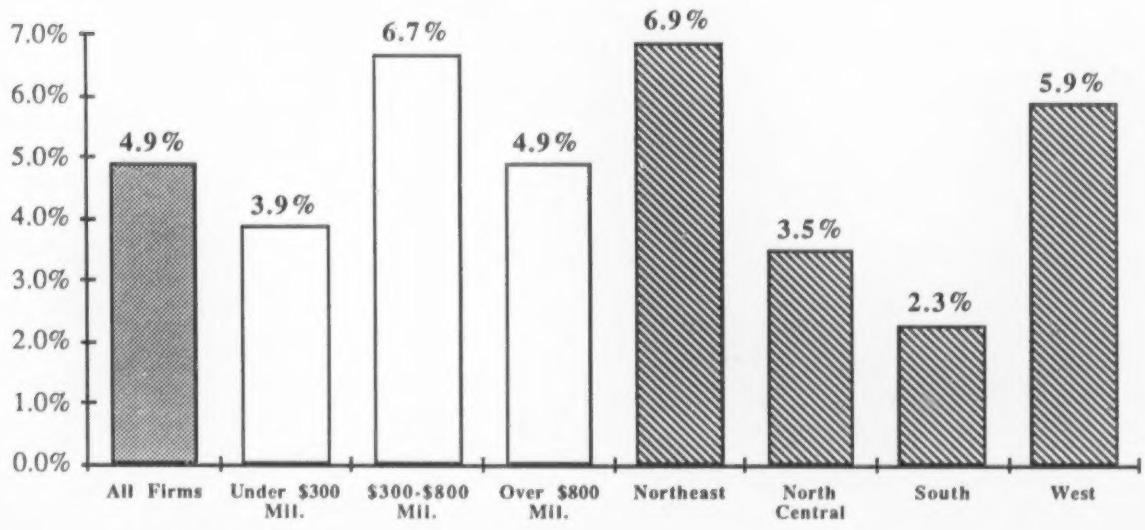
Weekly Sales per Total Square Foot
By Geographic Region



PROFITABILITY PERFORMANCE

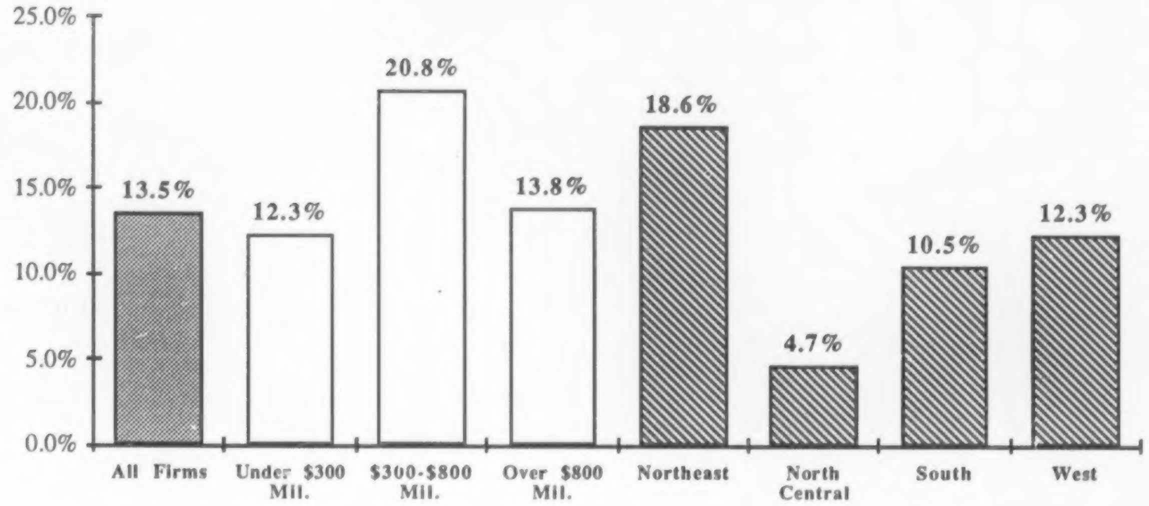
Based on response to the FMI Supermarket Financial Performance Survey, the typical retail food chain experienced a return on assets of 4.9% in the 1987-88 fiscal year. By sales volume, the mid-sized firms (those with sales $300-$800 million) achieved the highest return on assets. Geographically, the Northeast and West regions outperformed the industry average, while the North Central and South regions reported somewhat lower results.

Return on Assets



The chart below presents typical return on net worth (RONW) for all firms, as well as for sales volume groups and geographic regions. The typical return on net worth for retail food chains responding to this year's survey was 13.5%. By sales volume, mid-sized firms achieved a superior RONW of 20.8%. Geographically, the Northeast firms achieved the highest RONW (18.6%), while North Central firms the lowest (4.7%).

Return on Net Worth



INCOME STATEMENT ANALYSIS

The following table compares summary income statements for all firms as well as the various sales volume groups. Retail food chains experienced an average net income of 1.07% of net sales in the most recent fiscal year. Firms with sales over $800 million achieved the highest return on net sales (1.13%), due primarily to a superior gross margin of 25.07%. Slightly lower gross margins and higher operating expenses combined to produce a lower return for firms with sales between $300 and $800 million. Smaller sales volume firms overcame their below average gross margins with superior operating expense control and achieved a return slightly above the average.

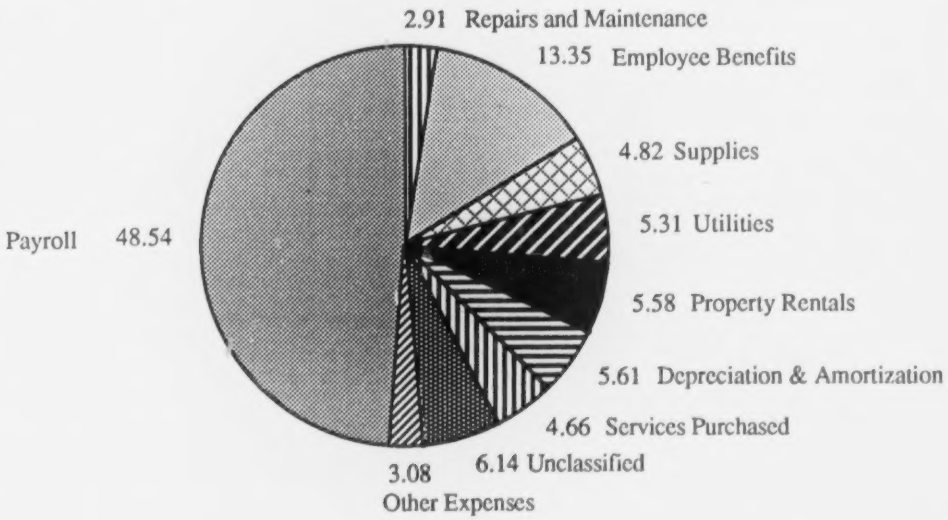
Summary Income Statements
By Sales Volume
(Expressed as a Percent of Net Sales)

	All Firms	Less Than $300 Mil.	$300-- $800 Mil.	Over $800 Mil.
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	75.58	75.84	75.91	74.93
Gross Margin	24.42	24.16	24.09	25.07
Total Operating Expenses	22.96	22.82	23.06	23.04
Net Operating Profit	1.47	1.34	1.05	2.03
Total Other Income (Deductions)	0.25	0.26	0.69	(0.20)
Net Income Before Income Tax	1.72	1.60	1.74	1.84
Income Tax	0.64	0.52	0.74	0.71
Net Income	1.07	1.08	1.01	1.13

OPERATING EXPENSE ANALYSIS

The chart below presents all operating expenses by natural division, expressed as a percent of total expenses. Payroll amounted to nearly half of all operating expenses, while employee benefits expenses accounted for an additional thirteen percent. "Other Expenses" include: taxes and licenses, insurance, equipment rentals, communications, travel, professional services, donations, and credits and allowances. For more detailed accounting of operating expenses, refer to the appropriate detailed tables in the report. The Appendix includes detailed descriptions of these natural divisions and the items contained in each.

Expenses as a Percent of Total Expenses
By Natural Division



PERSONNEL PRODUCTIVITY MEASURES

As payroll is by far the most significant of all operating expenses for retail food chains, special consideration should be given to the management of this resource. The table below compares net sales, gross margin, and net profit per employee for all firms, as well as by sales volume groups and geographic regions. The typical firm achieved sales per employee of $148,230, which translated into $1,580 of net profit for each individual employed by the firm. By sales volume, larger firms achieved higher personnel productivity, with net profits per employee of $2,300. Geographically, the West far outperformed the other regions with a net profit per employee of $2,720. The South reported the lowest sales and profits per employee ($117,950 and $1,040, respectively).

Personnel Productivity

	Net Sales Per Employee	Gross Margin Per Employee	Net Profit Per Employee
All Firms	$148,230	$36,020	$1,580
By Sales Volume:			
Less Than $300 Million	$117,950	$27,310	$1,040
$300-$800 Million	153,180	39,390	1,440
Over $800 Million	153,820	36,020	2,300
By Geographic Region:			
Northeast	$153,180	$34,870	$1,480
North Central	148,230	39,530	1,440
South	117,950	24,410	1,040
West	146,750	38,720	2,720

WAREHOUSE OPERATIONS MEASURES

The typical inventory investment for retail food chains responding to this study was $21 million. Average inventory turnover (at cost) was reported at 17.4 times. As expected, the larger sales volume firms carried more inventory, but had the lowest inventory turnover (16.0 times). Firms in the sales volume group of $300-$800 million reported the highest turnover (22.6 times).

Warehouse Operations

	Average Inventory at Cost ($000's)	Inventory Turnover at Cost
All Firms	$21,000	17.4 Times
By Sales Volume:		
Less Than $300 Million	$ 5,675	17.4 Times
$300-$800 Million	21,000	22.6
Over $800 Million	49,099	16.0
By Geographic Region:		
Northeast	$ 6,500	13.4 Times
North Central	29,382	17.4
South	39,000	ISD
West	ISD	ISD

ISD = Insufficient Data

FMI

Supermarket Financial Performance Study

Detailed Results

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

PROFITABILITY MEASURES

	MEDIAN	MIDDLE RANGE
Net Profit After Tax to Total Sales	1.1%	0.5 - 1.5%
Net Profit After Tax to Total Assets	4.9%	1.8 - 7.3%
Net Profit After Tax to Net Worth	13.5%	4.7 - 19.4%

PRODUCTIVITY MEASURES

SPACE PRODUCTIVITY-ALL STORES

	MEDIAN	MIDDLE RANGE
Sales Growth from Previous Year	6.2%	3.6 - 11.4%
Total Sq. Ft. Per Store	26,853	20,059 - 32,769
Selling Sq. Ft. Per Store	20,976	16,731 - 26,301
Sales Per Store ($000's)	$8,738	$7,133 - 12,677
Weekly Sales Per Total Sq. Ft.	$6.90	$5.09 - 9.08
Weekly Sales Per Selling Sq. Ft.	$9.71	$7.59 - 12.49

SPACE PRODUCTIVITY-IDENTICAL STORES

	MEDIAN	MIDDLE RANGE
Sales Growth from Previous Year	3.8%	-1.3 - 6.1%
CURRENT FISCAL YEAR DATA:		
Sales Per Store ($000's)	$8,260	$6,951 - 11,771
Weekly Sales Per Total Sq. Ft.	$6.97	$4.41 - 8.16
Weekly Sales Per Selling Sq. Ft.	$10.09	$7.46 - 13.33
PREVIOUS FISCAL YEAR DATA:		
Sales Per Store (000's)	$7,956	$6,598 - 11,121
Weekly Sales Per Total Sq. Ft.	$6.77	$4.69 - 7.81
Weekly Sales Per Selling Sq. Ft.	$10.06	$6.66 - 12.14

STORE FORMAT DATA

	MEDIAN	MIDDLE RANGE
TOTAL SQ. FT. PER STORE:		
Conventional Supermarkets	22,097	16,912 - 24,671
Super Stores	38,000	35,066 - 44,000
Warehouse Stores	47,246	41,997 - 49,359
OVERALL	26,853	20,059 - 32,769
SALES PER STORE ($000's):		
Conventional Supermarkets	$7,928	$5,236 - 9,854
Super Stores	15,357	12,200 - 18,948
Warehouse Stores	12,336	10,622 - 15,237
OVERALL	8,738	7,133 - 12,677
WEEKLY SALES PER TOTAL SQ. FT.:		
Conventional Supermarkets	$6.97	$4.61 - 8.03
Super Stores	7.29	5.76 - 9.05
Warehouse Stores	5.02	4.76 - 6.81
OVERALL	6.90	5.09 - 9.08

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	MEDIAN	MIDDLE RANGE
PERSONNEL PRODUCTIVITY		
Average Number of Employees	3243	1666 - 8300
Sales Per Employee ($000's)	$148.23	$117.95 - 164.78
Gross Margin Per Employee ($000's)	$36.02	$27.31 - 43.47
Net Profit Per Employee ($000's)	$1.58	$0.47 - 2.30
Payroll as a Percent of Net Sales	11.14%	9.46 - 12.53%
Payroll as a Percent of Total Expenses	48.58%	46.44 - 51.64%
Benefits as a Percent of Total Expenses	12.81%	10.64 - 16.95%
Percent of Employees Who are Employed in:		
Store Operations	87.7	82.6 - 93.8
Warehouse Operations	6.6	4.1 - 7.1
General & Administrative Areas	5.7	0.0 - 9.1
WAREHOUSE OPERATIONS		
Average Inventory at Cost ($000's)	$21,000	$6,500 - 39,000
Average Inventory Space in Cubic Feet (000's)	3,800	185 - 14,750
Total Tonnage Thru Put (000's)	726	384 - 858
Inventory Turnover (at Cost)	17.4X	13.4 - 22.6X
FINANCIAL MANAGEMENT		
Net Sales to Total Assets	4.6%	3.7 - 5.4%
Net Sales to Net Worth	13.8%	9.1 - 19.8%
Net Worth to Total Assets	33.4%	25.1 - 46.3%
Current Ratio	1.3X	1.2 - 1.8X

BALANCE SHEET

	MEAN	MIDDLE RANGE
ASSETS		
Cash	6.2	1.2 - 9.6
Accounts Receivable	6.2	2.6 - 4.6
Inventory	26.1	23.0 - 31.9
Other Current Assets	4.2	0.9 - 3.7
Total Current Assets	42.6	34.6 - 48.3
Other Assets	57.4	51.7 - 65.4
Total Assets	100.0	100.0 - 100.0
LIABILITIES		
Accounts Payable	20.0	14.7 - 25.8
Notes Payable	1.5	0.0 - 2.3
Other Current Liabilities	10.9	7.1 - 11.9
Total Current Liabilities	32.3	25.8 - 41.5
Long Term Liabilities	33.1	22.9 - 47.4
Net Worth	34.6	25.1 - 46.3
Total Liabilities & Net Worth	100.0	100.0 - 100.0

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

INCOME STATEMENT	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
Net Sales	100.00	100.00	100.00 - 100.00
Cost of Goods Sold	75.10	75.58	73.12 - 77.68
Gross Margin	24.90	24.42	22.27 - 26.38
OPERATING EXPENSES:			
Payroll	11.56	11.14	9.46 - 12.53
Employee Benefits	3.22	3.10	2.25 - 3.72
Utilities	1.16	1.22	0.97 - 1.36
Property Rentals	1.26	1.28	0.96 - 1.52
Taxes & Licenses	0.34	0.39	0.24 - 0.48
Insurance	0.36	0.29	0.16 - 0.40
Depreciation & Amortization	1.15	1.27	1.07 - 1.49
Equipment Rentals	0.18	0.16	0.04 - 0.19
Repairs & Maintenance	0.61	0.66	0.50 - 0.85
Supplies	0.84	1.09	1.02 - 1.27
Communications	0.13	0.17	0.07 - 0.12
Services Purchased	1.00	1.04	0.20 - 1.82
Travel	0.10	0.16	0.04 - 0.10
Professional Services	0.09	0.14	0.03 - 0.09
Donations	0.02	0.02	0.00 - 0.03
Unclassified	1.17	1.41	0.54 - 1.57
Credits & Allowances	-0.88	-0.57	-1.01 - -0.08
TOTAL	22.30	22.96	20.22 - 24.83
Net Operating Profit	2.61	1.47	0.15 - 2.69
OTHER INCOME (DEDUCTIONS)			
Cash Discounts Earned	0.14	0.22	0.00 - 0.56
Net Interest	-0.24	-0.20	-0.38 - 0.00
Net Other Income (Deductions)	-0.14	0.23	-0.70 - 0.31
TOTAL	-0.24	0.25	-1.21 - 0.67
Net Income Before Income Tax	2.37	1.72	0.73 - 2.28
Income Tax	0.93	0.64	0.11 - 1.06
Net Income	1.44	1.07	0.49 - 1.51

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

EXPENSES BY RESPONSIBILITY CENTER (AS A PERCENT OF NET SALES)	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
STORE OPERATIONS			
Payroll	9.48	9.25	8.06 - 10.05
Employee Benefits	2.60	2.44	1.79 - 2.95
Utilities	1.10	1.16	0.91 - 1.28
Property Rentals	1.12	1.18	0.83 - 1.36
Taxes & Licenses	0.27	0.30	0.18 - 0.35
Insurance	0.27	0.22	0.07 - 0.32
Depreciation & Amortization	0.97	1.08	0.84 - 1.22
Equipment Rentals	0.06	0.07	0.00 - 0.08
Repairs & Maintenance	0.50	0.55	0.41 - 0.69
Supplies	0.68	0.96	0.88 - 1.13
Communications	0.06	0.11	0.04 - 0.06
Services Purchased	0.37	0.43	0.09 - 0.61
Travel	0.02	0.08	0.00 - 0.02
Unclassified	0.65	0.80	0.17 - 1.11
Credits & Allowances	-0.17	-0.09	-0.23 - 0.00
TOTAL	18.00	18.52	16.79 - 20.05
WAREHOUSE OPERATIONS			
Payroll	0.77	0.58	0.05 - 0.80
Employee Benefits	0.25	0.18	0.00 - 0.29
Utilities	0.06	0.06	0.00 - 0.06
Property Rentals	0.11	0.07	0.00 - 0.10
Taxes & Licenses	0.03	0.03	0.00 - 0.03
Insurance	0.02	0.01	0.00 - 0.02
Depreciation & Amortization	0.08	0.07	0.01 - 0.09
Equipment Rentals	0.02	0.01	0.00 - 0.01
Repairs & Maintenance	0.06	0.05	0.00 - 0.05
Supplies	0.06	0.03	0.00 - 0.05
Communications	0.01	0.00	0.00 - 0.00
Services Purchased	0.07	0.03	0.00 - 0.03
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.08	0.06	0.00 - 0.07
Credits & Allowances	-0.27	-0.08	-0.03 - 0.00
TOTAL	1.35	1.10	0.00 - 1.65
TRANSPORTATION OPERATIONS			
Payroll	0.33	0.26	0.00 - 0.40
Employee Benefits	0.11	0.08	0.00 - 0.10
Taxes & Licenses	0.02	0.01	0.00 - 0.02
Insurance	0.01	0.01	0.00 - 0.01
Depreciation & Amortization	0.04	0.04	0.00 - 0.05
Equipment Rentals	0.04	0.03	0.00 - 0.02
Repairs & Maintenance	0.02	0.03	0.00 - 0.03
Supplies	0.03	0.03	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.01	0.02	0.00 - 0.00
Unclassified	0.04	0.04	0.00 - 0.05
Credits & Allowances	-0.09	-0.06	-0.14 - 0.00
TOTAL	0.57	0.49	0.05 - 0.72

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
MERCHANDISE & BUYING			
Payroll	0.15	0.15	0.09 - 0.20
Employee Benefits	0.02	0.02	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.01	0.01	0.00 - 0.01
Unclassified	0.01	0.01	0.00 - 0.01
Credits & Allowances	-0.01	0.00	0.00 - 0.00
TOTAL	0.20	0.19	0.12 - 0.27
ADVERTISING & SALES PROMOTION			
Payroll	0.04	0.05	0.03 - 0.06
Employee Benefits	0.01	0.01	0.00 - 0.01
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.02
Communications	0.02	0.03	0.00 - 0.00
Services Purchased	0.49	0.52	0.00 - 0.86
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.06	0.00 - 0.00
Unclassified	0.06	0.17	0.00 - 0.02
Credits & Allowances	-0.23	-0.24	-0.22 - 0.00
TOTAL	0.43	0.62	0.10 - 0.99
ACCOUNTING & OFFICE SERVICES			
Payroll	0.15	0.17	0.14 - 0.23
Employee Benefits	0.06	0.09	0.01 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.02	0.02	0.00 - 0.03
Equipment Rentals	0.02	0.01	0.00 - 0.01
Repairs & Maintenance	0.01	0.01	0.00 - 0.01
Supplies	0.02	0.02	0.00 - 0.03
Communications	0.02	0.01	0.00 - 0.02
Services Purchased	0.02	0.01	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.01	0.00 - 0.01
Unclassified	0.04	0.03	0.00 - 0.04
Credits & Allowances	-0.02	-0.03	-0.01 - 0.00
TOTAL	0.35	0.36	0.18 - 0.42

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
DATA PROCESSING			
Payroll	0.11	0.09	0.06 - 0.10
Employee Benefits	0.02	0.02	0.01 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.02	0.02	0.00 - 0.02
Equipment Rentals	0.04	0.04	0.00 - 0.04
Repairs & Maintenance	0.01	0.01	0.00 - 0.01
Supplies	0.02	0.02	0.01 - 0.04
Communications	0.00	0.00	0.00 - 0.01
Services Purchased	0.01	0.02	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.01	0.01	0.00 - 0.01
Credits & Allowances	-0.01	-0.01	-0.01 - 0.00
TOTAL	0.24	0.23	0.14 - 0.27
GENERAL & ADMINISTRATIVE			
Payroll	0.28	0.28	0.19 - 0.40
Employee Benefits	0.10	0.20	0.03 - 0.12
Property Rentals	0.03	0.03	0.00 - 0.05
Taxes & Licenses	0.03	0.04	0.00 - 0.02
Insurance	0.05	0.05	0.00 - 0.02
Depreciation & Amortization	0.03	0.04	0.00 - 0.06
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.01	0.02	0.00 - 0.01
Supplies	0.01	0.01	0.00 - 0.01
Communications	0.01	0.01	0.00 - 0.01
Services Purchased	0.02	0.02	0.00 - 0.03
Travel	0.02	0.02	0.00 - 0.03
Professional Services	0.07	0.06	0.02 - 0.08
Donations	0.02	0.02	0.00 - 0.03
Unclassified	0.21	0.15	0.01 - 0.17
Credits & Allowances	-0.07	-0.06	-0.09 - 0.00
TOTAL	0.80	0.91	0.58 - 1.00
FIELD SUPERVISION			
Payroll	0.15	0.20	0.10 - 0.29
Employee Benefits	0.02	0.04	0.00 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.02	0.02	0.00 - 0.02
Unclassified	0.01	0.03	0.00 - 0.02
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.21	0.29	0.14 - 0.36

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
HUMAN RESOURCES			
Payroll	0.07	0.07	0.04 - 0.10
Employee Benefits	0.02	0.02	0.00 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.01	0.01	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Unclassifies	0.02	0.03	0.00 - 0.03
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.12	0.14	0.06 - 0.21
REAL ESTATE			
Payroll	0.02	0.02	0.00 - 0.02
Employee Benefits	0.00	0.00	0.00 - 0.00
Taxes & Licenses	0.00	0.01	0.00 - 0.00
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.03	0.07	0.00 - 0.00
Credits & Allowances	-0.02	-0.01	0.00 - 0.00
TOTAL	0.04	0.10	0.00 - 0.04

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $300 MILLION

PROFITABILITY MEASURES

	MEDIAN	MIDDLE RANGE
Net Profit After Tax to Total Sales	1.1%	0.2 - 1.4%
Net Profit After Tax to Total Assets	3.9%	0.7 - 5.1%
Net Profit After Tax to Net Worth	12.3%	2.5 - 14.2%

PRODUCTIVITY MEASURES

SPACE PRODUCTIVITY-ALL STORES

	MEDIAN	MIDDLE RANGE
Sales Growth from Previous Year	3.6%	-0.3 - 9.8%
Total Sq. Ft. Per Store	20,059	16,482 - 28,357
Selling Sq. Ft. Per Store	15,573	13,765 - 17,419
Sales Per Store ($000's)	$7,265	$4,208 - 8,670
Weekly Sales Per Total Sq. Ft.	$6.67	$3.77 - 6.97
Weekly Sales Per Selling Sq. Ft.	$9.66	$5.68 - 12.49

SPACE PRODUCTIVITY-IDENTICAL STORES

	MEDIAN	MIDDLE RANGE
Sales Growth from Previous Year	-1.1%	-2.6 - 5.4%
CURRENT FISCAL YEAR DATA:		
Sales Per Store ($000's)	$6,951	$3,492 - 8,128
Weekly Sales Per Total Sq. Ft.	$6.83	$4.18 - 6.97
Weekly Sales Per Selling Sq. Ft.	$9.61	$5.82 - 9.99
PREVIOUS FISCAL YEAR DATA:		
Sales Per Store (000's)	$6,598	$3,536 - 7,771
Weekly Sales Per Total Sq. Ft.	$6.35	$4.23 - 6.89
Weekly Sales Per Selling Sq. Ft.	$9.22	$5.98 - 9.64

STORE FORMAT DATA

	MEDIAN	MIDDLE RANGE
TOTAL SQ. FT. PER STORE:		
Conventional Supermarkets	19,027	15,335 - 22,290
Super Stores	34,243	26,719 - 42,255
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	20,059	16,482 - 28,357
SALES PER STORE ($000's):		
Conventional Supermarkets	$5,343	$3,741 - 8,670
Super Stores	11,047	9,008 - 12,579
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	7,265	4,208 - 8,670
WEEKLY SALES PER TOTAL SQ. FT.:		
Conventional Supermarkets	$4.61	$3.77 - 7.30
Super Stores	5.76	4.10 - 8.53
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	6.67	3.77 - 6.97

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $300 MILLION

	MEDIAN	MIDDLE RANGE
PERSONNEL PRODUCTIVITY		
Average Number of Employees	1233	801 - 1763
Sales Per Employee ($000's)	$117.95	$91.72 - 148.23
Gross Margin Per Employee ($000's)	$27.31	$23.13 - 35.65
Net Profit Per Employee ($000's)	$1.04	$0.28 - 1.80
Payroll as a Percent of Net Sales	10.85%	9.35 - 11.23%
Payroll as a Percent of Total Expenses	47.67%	45.12 - 50.30%
Benefits as a Percent of Total Expenses	11.60%	7.64 - 15.34%
Percent of Employees Who are Employed in:		
Store Operations	90.4	82.3 - 95.8
Warehouse Operations	6.0	3.2 - 6.3
General & Administrative Areas	3.6	0.0 - 6.6
WAREHOUSE OPERATIONS		
Average Inventory at Cost ($000's)	$5,675	
Average Inventory Space in Cubic Feet (000's)	INSUFFICIENT DATA	
Total Tonnage Thru Put (000's)	INSUFFICIENT DATA	
Inventory Turnover (at Cost)	17.4X	
FINANCIAL MANAGEMENT		
Net Sales to Total Assets	5.3%	4.1 - 7.0%
Net Sales to Net Worth	9.6%	8.8 - 22.0%
Net Worth to Total Assets	40.9%	31.9 - 53.6%
Current Ratio	1.4X	1.3 - 1.8X

BALANCE SHEET

	MEAN	MIDDLE RANGE
ASSETS		
Cash	5.9	0.0 - 6.4
Accounts Receivable	9.1	1.7 - 3.8
Inventory	25.1	21.8 - 28.5
Other Current Assets	6.8	1.5 - 4.0
Total Current Assets	46.9	42.1 - 50.0
Other Assets	53.1	44.1 - 56.1
Total Assets	100.0	100.0 - 100.0
LIABILITIES		
Accounts Payable	17.9	15.3 - 20.5
Notes Payable	1.8	0.0 - 2.0
Other Current Liabilities	12.2	7.1 - 9.9
Total Current Liabilities	31.9	30.8 - 32.0
Long Term Liabilities	24.5	14.1 - 32.4
Net Worth	43.7	31.9 - 53.6
Total Liabilities & Net Worth	100.0	100.0 - 100.0

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $300 MILLION

INCOME STATEMENT

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
Net Sales	100.00	100.00	100.00 - 100.00
Cost of Goods Sold	76.29	75.84	71.62 - 78.68
Gross Margin	23.71	24.16	21.06 - 24.99
OPERATING EXPENSES:			
Payroll	10.73	10.85	9.35 - 11.23
Employee Benefits	2.99	3.06	2.13 - 3.72
Utilities	1.22	1.30	0.97 - 1.65
Property Rentals	1.15	1.11	0.83 - 1.28
Taxes & Licenses	0.34	0.37	0.25 - 0.38
Insurance	0.29	0.30	0.23 - 0.39
Depreciation & Amortization	1.34	1.35	1.13 - 1.36
Equipment Rentals	0.08	0.08	0.02 - 0.13
Repairs & Maintenance	0.71	0.74	0.42 - 0.95
Supplies	1.08	1.14	1.11 - 1.24
Communications	0.23	0.24	0.07 - 0.12
Services Purchased	0.93	1.08	0.09 - 1.29
Travel	0.32	0.27	0.05 - 0.08
Professional Services	0.16	0.22	0.02 - 0.08
Donations	0.01	0.01	0.00 - 0.01
Unclassified	1.35	1.19	0.40 - 1.32
Credits & Allowances	-0.50	-0.52	-1.01 - -0.07
TOTAL	22.44	22.82	20.22 - 22.38
Net Operating Profit	1.29	1.34	-0.32 - 2.30
OTHER INCOME (DEDUCTIONS)			
Cash Discounts Earned	0.24	0.22	0.00 - 0.11
Net Interest	-0.09	-0.10	-0.34 - 0.00
Net Other Income (Deductions)	0.26	0.14	0.00 - 0.31
TOTAL	0.42	0.26	-0.45 - 0.60
Net Income Before Income Tax	1.70	1.60	0.28 - 2.23
Income Tax	0.57	0.52	0.11 - 0.58
Net Income	1.13	1.08	0.17 - 1.40

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $300 MILLION

EXPENSES BY RESPONSIBILITY CENTER (AS A PERCENT OF NET SALES)	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
STORE OPERATIONS			
Payroll	9.31	9.33	7.90 - 9.93
Employee Benefits	2.43	2.42	1.38 - 3.11
Utilities	1.17	1.24	0.91 - 1.37
Property Rentals	1.08	1.05	0.81 - 1.25
Taxes & Licenses	0.29	0.30	0.22 - 0.34
Insurance	0.23	0.24	0.15 - 0.32
Depreciation & Amortization	1.20	1.18	1.03 - 1.22
Equipment Rentals	0.06	0.06	0.00 - 0.08
Repairs & Maintenance	0.63	0.65	0.34 - 0.84
Supplies	1.00	1.05	1.03 - 1.16
Communications	0.20	0.21	0.04 - 0.07
Services Purchased	0.38	0.41	0.00 - 0.65
Travel	0.25	0.20	0.00 - 0.02
Unclassified	0.68	0.61	0.26 - 0.61
Credits & Allowances	-0.02	-0.01	-0.05 - 0.00
TOTAL	18.89	18.94	17.19 - 19.93
WAREHOUSE OPERATIONS			
Payroll	0.34	0.37	0.00 - 0.63
Employee Benefits	0.09	0.10	0.00 - 0.09
Utilities	0.05	0.06	0.00 - 0.06
Property Rentals	0.05	0.04	0.00 - 0.00
Taxes & Licenses	0.02	0.04	0.00 - 0.01
Insurance	0.01	0.01	0.00 - 0.02
Depreciation & Amortization	0.05	0.06	0.00 - 0.03
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.04	0.05	0.00 - 0.04
Supplies	0.01	0.01	0.00 - 0.02
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.01	0.01	0.00 - 0.00
Travel	0.01	0.00	0.00 - 0.00
Unclassified	0.02	0.02	0.00 - 0.01
Credits & Allowances	-0.05	-0.06	-0.03 - 0.00
TOTAL	0.66	0.72	0.00 - 0.99
TRANSPORTATION OPERATIONS			
Payroll	0.11	0.13	0.00 - 0.19
Employee Benefits	0.03	0.03	0.00 - 0.03
Taxes & Licenses	0.01	0.01	0.00 - 0.01
Insurance	0.01	0.01	0.00 - 0.01
Depreciation & Amortization	0.03	0.04	0.00 - 0.04
Equipment Rentals	0.00	0.01	0.00 - 0.00
Repairs & Maintenance	0.03	0.03	0.00 - 0.03
Supplies	0.01	0.02	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.01	0.02	0.00 - 0.00
Unclassified	0.04	0.04	0.00 - 0.07
Credits & Allowances	-0.03	-0.03	-0.02 - 0.00
TOTAL	0.26	0.30	0.00 - 0.30

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $300 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
MERCHANDISE & BUYING			
Payroll	0.12	0.14	0.00 - 0.20
Employee Benefits	0.02	0.02	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.01	0.00 - 0.01
Unclassified	0.01	0.01	0.00 - 0.00
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.14	0.17	0.00 - 0.24
ADVERTISING & SALES PROMOTION			
Payroll	0.07	0.07	0.04 - 0.06
Employee Benefits	0.01	0.01	0.00 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.02
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.52	0.63	0.00 - 1.02
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.10	0.16	0.00 - 0.00
Unclassified	0.32	0.25	0.00 - 0.05
Credits & Allowances	-0.42	-0.44	-0.84 - 0.00
TOTAL	0.61	0.70	0.14 - 1.16
ACCOUNTING & OFFICE SERVICES			
Payroll	0.17	0.18	0.14 - 0.23
Employee Benefits	0.03	0.03	0.00 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.02	0.02	0.00 - 0.03
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.01	0.01	0.00 - 0.01
Supplies	0.01	0.01	0.00 - 0.02
Communications	0.01	0.01	0.00 - 0.01
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.01	0.00 - 0.01
Unclassified	0.03	0.03	0.00 - 0.00
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.30	0.32	0.17 - 0.40

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $300 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
DATA PROCESSING			
Payroll	0.06	0.06	0.04 - 0.08
Employee Benefits	0.01	0.01	0.00 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.01	0.01	0.00 - 0.01
Equipment Rentals	0.02	0.02	0.00 - 0.02
Repairs & Maintenance	0.00	0.00	0.00 - 0.00
Supplies	0.02	0.02	0.01 - 0.03
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.03	0.03	0.00 - 0.01
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.16	0.16	0.11 - 0.17
GENERAL & ADMINISTRATIVE			
Payroll	0.23	0.25	0.17 - 0.34
Employee Benefits	0.32	0.38	0.02 - 0.08
Property Rentals	0.02	0.02	0.00 - 0.00
Taxes & Licenses	0.01	0.01	0.00 - 0.01
Insurance	0.02	0.03	0.00 - 0.00
Depreciation & Amortization	0.03	0.03	0.00 - 0.05
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.01	0.01	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.01
Communications	0.02	0.02	0.00 - 0.03
Services Purchased	0.01	0.01	0.00 - 0.00
Travel	0.03	0.03	0.00 - 0.04
Professional Services	0.05	0.05	0.01 - 0.05
Donations	0.01	0.01	0.00 - 0.01
Unclassified	0.12	0.12	0.01 - 0.16
Credits & Allowances	0.02	0.04	0.00 - 0.00
TOTAL	0.90	1.01	0.46 - 0.96
FIELD SUPERVISION			
Payroll	0.24	0.25	0.10 - 0.31
Employee Benefits	0.04	0.04	0.00 - 0.04
Insurance	0.01	0.01	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.01	0.01	0.00 - 0.00
Travel	0.02	0.01	0.00 - 0.02
Unclassified	0.08	0.06	0.00 - 0.00
Credits & Allowances	-0.01	-0.01	0.00 - 0.00
TOTAL	0.39	0.37	0.14 - 0.36

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $300 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
HUMAN RESOURCES			
Payroll	0.07	0.07	0.05 - 0.10
Employee Benefits	0.01	0.01	0.00 - 0.01
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassifies	0.03	0.03	0.00 - 0.01
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.12	0.13	0.05 - 0.13
REAL ESTATE			
Payroll	0.00	0.00	0.00 - 0.00
Employee Benefits	0.00	0.00	0.00 - 0.00
Taxes & Licenses	0.01	0.01	0.00 - 0.00
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.00	0.00	0.00 - 0.00
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.01	0.01	0.00 - 0.00

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME $300 MILLION TO $800 MILLION

	MEDIAN	MIDDLE RANGE
PROFITABILITY MEASURES		
Net Profit After Tax to Total Sales	1.0%	0.5 - 1.4%
Net Profit After Tax to Total Assets	6.7%	2.3 - 6.9%
Net Profit After Tax to Net Worth	20.8%	6.7 - 22.7%
PRODUCTIVITY MEASURES		
SPACE PRODUCTIVITY-ALL STORES		
Sales Growth from Previous Year	6.2%	4.2 - 14.4%
Total Sq. Ft. Per Store	29,940	25,265 - 32,769
Selling Sq. Ft. Per Store	19,130	17,920 - 26,301
Sales Per Store ($000's)	$9,177	$8,041 - 10,328
Weekly Sales Per Total Sq. Ft.	$5.39	$5.09 - 7.75
Weekly Sales Per Selling Sq. Ft.	$7.59	$5.66 - 10.46
SPACE PRODUCTIVITY-IDENTICAL STORES		
Sales Growth from Previous Year	3.8%	-1.7 - 5.3%
CURRENT FISCAL YEAR DATA:		
Sales Per Store ($000's)	$8,260	$7,369 - 10,125
Weekly Sales Per Total Sq. Ft.	$5.67	$4.95 - 7.38
Weekly Sales Per Selling Sq. Ft.	$7.95	$5.83 - 10.72
PREVIOUS FISCAL YEAR DATA:		
Sales Per Store (000's)	$8,304	$6,657 - 9,694
Weekly Sales Per Total Sq. Ft.	$5.16	$4.87 - 7.37
Weekly Sales Per Selling Sq. Ft.	$7.18	$6.07 - 10.27
STORE FORMAT DATA		
TOTAL SQ. FT. PER STORE:		
Conventional Supermarkets	20,841	
Super Stores	40,028	
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	29,940	25,265 - 32,769
SALES PER STORE ($000's):		
Conventional Supermarkets	$7,069	
Super Stores	13,798	
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	9,177	8,041 - 10,328
WEEKLY SALES PER TOTAL SQ. FT.:		
Conventional Supermarkets	$5.38	
Super Stores	7.29	
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	5.39	5.09 - 7.75

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME $300 MILLION TO $800 MILLION

	MEDIAN	MIDDLE RANGE
PERSONNEL PRODUCTIVITY		
Average Number of Employees	3800	2539 - 4002
Sales Per Employee ($000's)	$153.18	$96.25 - 164.78
Gross Margin Per Employee ($000's)	$39.39	$36.54 - 46.41
Net Profit Per Employee ($000's)	$1.44	$0.47 - 1.76
Payroll as a Percent of Net Sales	10.59%	9.00 - 11.61%
Payroll as a Percent of Total Expenses	46.77%	43.37 - 48.93%
Benefits as a Percent of Total Expenses	12.54%	11.16 - 15.08%
Percent of Employees Who are Employed in:		
Store Operations	86.0	75.3 - 89.2
Warehouse Operations	6.6	4.3 - 6.8
General & Administrative Areas	7.0	0.0 - 11.3
WAREHOUSE OPERATIONS		
Average Inventory at Cost ($000's)	$21,000	
Average Inventory Space in Cubic Feet (000's)	INSUFFICIENT DATA	
Total Tonnage Thru Put (000's)	INSUFFICIENT DATA	
Inventory Turnover (at Cost)	22.6X	
FINANCIAL MANAGEMENT		
Net Sales to Total Assets	4.6%	3.3 - 4.6%
Net Sales to Net Worth	14.4%	13.8 - 15.8%
Net Worth to Total Assets	26.5%	10.8 - 33.1%
Current Ratio	1.3X	1.2 - 2.0X

BALANCE SHEET

	MEAN	MIDDLE RANGE
ASSETS		
Cash	6.8	2.0 - 9.6
Accounts Receivable	3.4	1.7 - 4.2
Inventory	24.7	15.2 - 28.5
Other Current Assets	2.2	0.9 - 3.4
Total Current Assets	37.0	29.6 - 39.6
Other Assets	63.0	51.7 - 66.1
Total Assets	100.0	100.0 - 100.0
LIABILITIES		
Accounts Payable	20.7	11.5 - 25.8
Notes Payable	1.7	0.0 - 2.8
Other Current Liabilities	6.8	0.0 - 10.5
Total Current Liabilities	29.1	19.5 - 35.4
Long Term Liabilities	44.6	25.1 - 53.8
Net Worth	26.3	10.8 - 33.1
Total Liabilities & Net Worth	100.0	100.0 - 100.0

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME $300 MILLION TO $800 MILLION

INCOME STATEMENT

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE	
Net Sales	100.00	100.00	100.00 -	100.00
Cost of Goods Sold	76.12	75.91	73.62 -	77.68
Gross Margin	23.88	24.09	22.27 -	25.71
OPERATING EXPENSES:				
Payroll	10.41	10.59	9.00 -	11.61
Employee Benefits	2.87	2.89	2.17 -	3.34
Utilities	1.12	1.15	0.85 -	1.19
Property Rentals	1.56	1.62	0.99 -	1.94
Taxes & Licenses	0.55	0.55	0.25 -	0.69
Insurance	0.16	0.16	0.00 -	0.25
Depreciation & Amortization	1.32	1.31	1.12 -	1.49
Equipment Rentals	0.15	0.14	0.04 -	0.13
Repairs & Maintenance	0.61	0.60	0.42 -	0.69
Supplies	1.26	1.26	1.12 -	1.32
Communications	0.18	0.15	0.04 -	0.10
Services Purchased	1.07	1.08	0.20 -	1.84
Travel	0.09	0.08	0.03 -	0.08
Professional Services	0.07	0.07	0.01 -	0.08
Donations	0.02	0.02	0.00 -	0.01
Unclassified	1.52	1.70	0.54 -	1.57
Credits & Allowances	-0.33	-0.32	-0.71 -	-0.05
TOTAL	22.62	23.06	19.24 -	23.73
Net Operating Profit	1.28	1.05	-0.31 -	2.61
OTHER INCOME (DEDUCTIONS)				
Cash Discounts Earned	0.14	0.15	0.00 -	0.00
Net Interest	-0.09	-0.09	-0.14 -	0.00
Net Other Income (Deductions)	0.36	0.63	-0.70 -	0.30
TOTAL	0.41	0.69	-0.48 -	0.67
Net Income Before Income Tax	1.69	1.74	0.73 -	2.23
Income Tax	0.77	0.74	0.00 -	1.16
Net Income	0.93	1.01	0.49 -	1.43

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME $300 MILLION TO $800 MILLION

EXPENSES BY RESPONSIBILITY CENTER (AS A PERCENT OF NET SALES)	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
STORE OPERATIONS			
Payroll	8.67	8.81	7.38 - 9.59
Employee Benefits	2.23	2.26	1.79 - 2.54
Utilities	1.07	1.10	0.83 - 1.19
Property Rentals	1.45	1.51	0.93 - 1.84
Taxes & Licenses	0.38	0.38	0.18 - 0.39
Insurance	0.10	0.10	0.00 - 0.15
Depreciation & Amortization	1.09	1.10	0.82 - 1.26
Equipment Rentals	0.03	0.03	0.00 - 0.02
Repairs & Maintenance	0.47	0.45	0.18 - 0.53
Supplies	1.10	1.10	0.98 - 1.18
Communications	0.03	0.03	0.00 - 0.05
Services Purchased	0.62	0.61	0.20 - 0.66
Travel	0.01	0.01	0.00 - 0.02
Unclassified	0.90	0.95	0.04 - 1.27
Credits & Allowances	-0.07	-0.07	-0.19 - 0.00
TOTAL	18.09	18.38	16.06 - 18.86
WAREHOUSE OPERATIONS			
Payroll	0.58	0.58	0.00 - 0.78
Employee Benefits	0.17	0.17	0.00 - 0.29
Utilities	0.05	0.05	0.00 - 0.05
Property Rentals	0.05	0.05	0.00 - 0.07
Taxes & Licenses	0.02	0.02	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.06	0.06	0.00 - 0.07
Equipment Rentals	0.01	0.01	0.00 - 0.01
Repairs & Maintenance	0.04	0.04	0.00 - 0.06
Supplies	0.04	0.03	0.00 - 0.06
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.02	0.02	0.00 - 0.03
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.06	0.05	0.00 - 0.10
Credits & Allowances	-0.01	-0.01	-0.02 - 0.00
TOTAL	1.08	1.08	0.00 - 1.65
TRANSPORTATION OPERATIONS			
Payroll	0.26	0.25	0.00 - 0.31
Employee Benefits	0.07	0.06	0.00 - 0.09
Taxes & Licenses	0.01	0.01	0.00 - 0.02
Insurance	0.00	0.00	0.00 - 0.01
Depreciation & Amortization	0.05	0.05	0.00 - 0.05
Equipment Rentals	0.05	0.04	0.00 - 0.03
Repairs & Maintenance	0.05	0.05	0.00 - 0.08
Supplies	0.03	0.03	0.00 - 0.01
Services Purchased	-0.03	-0.02	0.00 - 0.00
Travel	0.03	0.03	0.00 - 0.00
Unclassified	0.02	0.01	0.00 - 0.00
Credits & Allowances	-0.04	-0.04	-0.14 - 0.00
TOTAL	0.52	0.48	0.00 - 0.64

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME $300 MILLION TO $800 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
MERCHANDISE & BUYING			
Payroll	0.10	0.11	0.09 - 0.13
Employee Benefits	0.02	0.02	0.00 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.00	0.00	0.00 - 0.02
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.14	0.14	0.09 - 0.17
ADVERTISING & SALES PROMOTION			
Payroll	0.03	0.03	0.01 - 0.05
Employee Benefits	0.01	0.01	0.00 - 0.01
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.01
Communications	0.12	0.09	0.00 - 0.00
Services Purchased	0.34	0.35	0.00 - 0.82
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.01	0.00 - 0.00
Unclassified	0.21	0.25	0.00 - 0.03
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.72	0.75	0.10 - 1.00
ACCOUNTING & OFFICE SERVICES			
Payroll	0.16	0.17	0.13 - 0.20
Employee Benefits	0.21	0.21	0.04 - 0.06
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.04	0.04	0.00 - 0.04
Equipment Rentals	0.00	0.00	0.00 - 0.01
Repairs & Maintenance	0.00	0.00	0.00 - 0.00
Supplies	0.02	0.02	0.00 - 0.03
Communications	0.01	0.02	0.00 - 0.02
Services Purchased	0.01	0.01	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.01	0.00 - 0.01
Unclassified	0.03	0.03	0.00 - 0.01
Credits & Allowances	-0.09	-0.09	-0.01 - 0.00
TOTAL	0.41	0.42	0.00 - 0.38

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME $300 MILLION TO $800 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
DATA PROCESSING			
Payroll	0.09	0.09	0.06 - 0.09
Employee Benefits	0.02	0.02	0.01 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.02	0.02	0.00 - 0.03
Equipment Rentals	0.06	0.05	0.00 - 0.08
Repairs & Maintenance	0.02	0.02	0.00 - 0.03
Supplies	0.03	0.03	0.01 - 0.04
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.04	0.04	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.00	0.00	0.00 - 0.00
Credits & Allowances	-0.01	-0.01	-0.02 - 0.00
TOTAL	0.28	0.27	0.21 - 0.28
GENERAL & ADMINISTRATIVE			
Payroll	0.22	0.24	0.14 - 0.31
Employee Benefits	0.06	0.07	0.00 - 0.10
Property Rentals	0.06	0.06	0.00 - 0.06
Taxes & Licenses	0.12	0.12	0.00 - 0.04
Insurance	0.05	0.05	0.00 - 0.02
Depreciation & Amortization	0.05	0.05	0.01 - 0.08
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.03	0.04	0.00 - 0.01
Supplies	0.01	0.02	0.00 - 0.02
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.03	0.03	0.00 - 0.06
Travel	0.01	0.01	0.00 - 0.01
Professional Services	0.06	0.06	0.00 - 0.06
Donations	0.02	0.02	0.00 - 0.01
Unclassified	0.10	0.14	0.00 - 0.13
Credits & Allowances	-0.10	-0.10	-0.25 - 0.00
TOTAL	0.73	0.80	0.44 - 0.91
FIELD SUPERVISION			
Payroll	0.19	0.20	0.10 - 0.25
Employee Benefits	0.04	0.04	0.02 - 0.06
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.02	0.02	0.00 - 0.03
Unclassified	0.02	0.02	0.00 - 0.02
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.28	0.29	0.17 - 0.44

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME $300 MILLION TO $800 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
HUMAN RESOURCES			
Payroll	0.06	0.06	0.04 - 0.06
Employee Benefits	0.04	0.04	0.01 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.01
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.02	0.02	0.00 - 0.03
Travel	0.00	0.00	0.00 - 0.00
Unclassifies	0.03	0.03	0.00 - 0.03
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.16	0.16	0.09 - 0.21
REAL ESTATE			
Payroll	0.04	0.04	0.00 - 0.05
Employee Benefits	0.01	0.01	0.00 - 0.01
Taxes & Licenses	0.02	0.02	0.00 - 0.00
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.01	0.01	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.14	0.22	0.00 - 0.00
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.21	0.30	0.00 - 0.16

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $800 MILLION

	MEDIAN	MIDDLE RANGE
PROFITABILITY MEASURES		
Net Profit After Tax to Total Sales	0.9%	-0.3 - 1.6%
Net Profit After Tax to Total Assets	4.9%	3.2 - 7.3%
Net Profit After Tax to Net Worth	13.8%	6.7 - 18.9%
PRODUCTIVITY MEASURES		
SPACE PRODUCTIVITY-ALL STORES		
Sales Growth from Previous Year	8.1%	4.6 - 9.1%
Total Sq. Ft. Per Store	31,062	25,207 - 34,753
Selling Sq. Ft. Per Store	23,729	20,976 - 26,299
Sales Per Store ($000's)	$12,677	$8,068 - 15,914
Weekly Sales Per Total Sq. Ft.	$7.92	$6.64 - 10.04
Weekly Sales Per Selling Sq. Ft.	$10.93	$9.27 - 11.24
SPACE PRODUCTIVITY-IDENTICAL STORES		
Sales Growth from Previous Year	4.6%	1.9 - 6.1%
CURRENT FISCAL YEAR DATA:		
Sales Per Store ($000's)	$13,201	$8,613 - 16,544
Weekly Sales Per Total Sq. Ft.	$8.61	
Weekly Sales Per Selling Sq. Ft.	$12.24	
PREVIOUS FISCAL YEAR DATA:		
Sales Per Store (000's)	$12,954	$7,956 - 15,123
Weekly Sales Per Total Sq. Ft.	$8.17	
Weekly Sales Per Selling Sq. Ft.	$12.01	
STORE FORMAT DATA		
TOTAL SQ. FT. PER STORE:		
Conventional Supermarkets	24,210	22,778 - 25,207
Super Stores	41,576	35,306 - 47,035
Warehouse Stores	41,997	
OVERALL	31,062	25,207 - 34,753
SALES PER STORE ($000's):		
Conventional Supermarkets	$9,854	$8,031 - 11,895
Super Stores	19,458	16,393 - 21,172
Warehouse Stores	12,336	
OVERALL	12,677	8,068 - 15,914
WEEKLY SALES PER TOTAL SQ. FT.:		
Conventional Supermarkets	$8.03	$7.45 - 10.17
Super Stores	8.57	6.46 - 10.77
Warehouse Stores	6.81	
OVERALL	7.92	6.64 - 10.04

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $800 MILLION

	MEDIAN	MIDDLE RANGE
PERSONNEL PRODUCTIVITY		
Average Number of Employees	9428	6367 - 14480
Sales Per Employee ($000's)	$153.82	$130.07 - 182.67
Gross Margin Per Employee ($000's)	$36.02	$30.88 - 47.86
Net Profit Per Employee ($000's)	$2.30	$1.41 - 2.93
Payroll as a Percent of Net Sales	12.05%	9.94 - 13.10%
Payroll as a Percent of Total Expenses	52.01%	51.14 - 53.65%
Benefits as a Percent of Total Expenses	15.70%	10.87 - 18.40%
Percent of Employees Who are Employed in:		
Store Operations	85.7	82.6 - 88.6
Warehouse Operations	7.4	4.9 - 7.6
General & Administrative Areas	7.0	3.5 - 7.7
WAREHOUSE OPERATIONS		
Average Inventory at Cost ($000's)	$49,099	$19,649 - 89,892
Average Inventory Space in Cubic Feet (000's)	4,500	3,333 - 19,746
Total Tonnage Thru Put (000's)	810	
Inventory Turnover (at Cost)	16.0X	
FINANCIAL MANAGEMENT		
Net Sales to Total Assets	4.7%	3.7 - 5.3%
Net Sales to Net Worth	13.0%	9.1 - 15.5%
Net Worth to Total Assets	34.4%	25.1 - 43.0%
Current Ratio	1.3X	1.2 - 1.6X

BALANCE SHEET

	MEAN	MIDDLE RANGE
ASSETS		
Cash	6.1	1.2 - 7.7
Accounts Receivable	5.5	2.7 - 4.1
Inventory	28.0	24.4 - 31.4
Other Current Assets	3.3	0.7 - 3.7
Total Current Assets	42.9	34.5 - 46.8
Other Assets	57.2	52.6 - 64.7
Total Assets	100.0	100.0 - 100.0
LIABILITIES		
Accounts Payable	21.5	14.7 - 23.4
Notes Payable	0.9	0.0 - 1.0
Other Current Liabilities	12.6	8.3 - 11.1
Total Current Liabilities	35.0	25.8 - 43.7
Long Term Liabilities	32.5	24.2 - 36.4
Net Worth	32.5	25.1 - 43.0
Total Liabilities & Net Worth	100.0	100.0 - 100.0

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $800 MILLION

INCOME STATEMENT	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
Net Sales	100.00	100.00	100.00 - 100.00
Cost of Goods Sold	74.72	74.93	73.04 - 76.74
Gross Margin	25.28	25.07	22.41 - 26.88
OPERATING EXPENSES:			
Payroll	11.93	12.05	9.94 - 13.10
Employee Benefits	3.33	3.34	2.25 - 3.79
Utilities	1.16	1.19	1.06 - 1.32
Property Rentals	1.20	1.15	0.71 - 1.46
Taxes & Licenses	0.29	0.25	0.18 - 0.30
Insurance	0.42	0.42	0.24 - 0.52
Depreciation & Amortization	1.09	1.14	0.89 - 1.23
Equipment Rentals	0.20	0.27	0.06 - 0.35
Repairs & Maintenance	0.59	0.62	0.50 - 0.63
Supplies	0.71	0.86	0.50 - 1.13
Communications	0.10	0.09	0.08 - 0.12
Services Purchased	0.99	0.96	0.34 - 1.37
Travel	0.08	0.08	0.05 - 0.10
Professional Services	0.08	0.10	0.04 - 0.12
Donations	0.02	0.03	0.00 - 0.04
Unclassified	1.07	1.39	0.44 - 1.45
Credits & Allowances	-1.05	-0.89	-1.46 - -0.67
TOTAL	22.21	23.04	18.34 - 24.83
Net Operating Profit	3.07	2.03	0.15 - 3.80
OTHER INCOME (DEDUCTIONS)			
Cash Discounts Earned	0.14	0.30	0.00 - 0.76
Net Interest	-0.30	-0.43	-1.01 - 0.00
Net Other Income (Deductions)	-0.31	-0.07	-1.05 - 0.11
TOTAL	-0.47	-0.20	-1.31 - 0.11
Net Income Before Income Tax	2.61	1.84	-0.54 - 2.28
Income Tax	1.01	0.71	0.00 - 1.02
Net Income	1.60	1.13	-0.31 - 1.64

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $800 MILLION

EXPENSES BY RESPONSIBILITY CENTER (AS A PERCENT OF NET SALES)	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
STORE OPERATIONS			
Payroll	9.70	9.60	8.82 - 10.05
Employee Benefits	2.71	2.64	1.51 - 3.01
Utilities	1.10	1.13	1.02 - 1.20
Property Rentals	1.04	1.00	0.69 - 1.17
Taxes & Licenses	0.24	0.20	0.14 - 0.25
Insurance	0.32	0.31	0.22 - 0.35
Depreciation & Amortization	0.92	0.95	0.77 - 1.12
Equipment Rentals	0.06	0.11	0.00 - 0.17
Repairs & Maintenance	0.49	0.52	0.44 - 0.54
Supplies	0.54	0.69	0.30 - 0.93
Communications	0.06	0.05	0.04 - 0.06
Services Purchased	0.31	0.28	0.11 - 0.34
Travel	0.00	0.01	0.00 - 0.00
Unclassified	0.59	0.87	0.13 - 1.13
Credits & Allowances	-0.20	-0.21	-0.31 - -0.08
TOTAL	17.88	18.15	16.49 - 20.05
WAREHOUSE OPERATIONS			
Payroll	0.86	0.84	0.77 - 0.88
Employee Benefits	0.29	0.29	0.24 - 0.30
Utilities	0.06	0.06	0.03 - 0.08
Property Rentals	0.14	0.13	0.01 - 0.16
Taxes & Licenses	0.03	0.02	0.00 - 0.03
Insurance	0.03	0.03	0.01 - 0.03
Depreciation & Amortization	0.09	0.08	0.05 - 0.10
Equipment Rentals	0.03	0.03	0.00 - 0.05
Repairs & Maintenance	0.06	0.06	0.02 - 0.07
Supplies	0.08	0.05	0.03 - 0.05
Communications	0.01	0.00	0.00 - 0.00
Services Purchased	0.09	0.06	0.00 - 0.11
Travel	0.01	0.00	0.00 - 0.00
Unclassified	0.09	0.12	0.03 - 0.21
Credits & Allowances	-0.36	-0.17	-0.28 - -0.01
TOTAL	1.49	1.60	1.23 - 1.94
TRANSPORTATION OPERATIONS			
Payroll	0.37	0.43	0.32 - 0.57
Employee Benefits	0.13	0.15	0.09 - 0.20
Taxes & Licenses	0.02	0.02	0.00 - 0.02
Insurance	0.01	0.02	0.00 - 0.02
Depreciation & Amortization	0.04	0.04	0.00 - 0.06
Equipment Rentals	0.03	0.04	0.00 - 0.08
Repairs & Maintenance	0.01	0.02	0.00 - 0.03
Supplies	0.03	0.03	0.00 - 0.07
Services Purchased	0.01	0.01	0.00 - 0.01
Travel	0.01	0.02	0.00 - 0.00
Unclassified	0.05	0.06	0.00 - 0.05
Credits & Allowances	-0.11	-0.12	-0.27 - -0.01
TOTAL	0.61	0.73	0.67 - 0.83

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $800 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
MERCHANDISE & BUYING			
Payroll	0.17	0.21	0.08 - 0.29
Employee Benefits	0.03	0.03	0.00 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.01
Supplies	0.00	0.01	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.01	0.01	0.00 - 0.01
Unclassified	0.02	0.01	0.00 - 0.02
Credits & Allowances	-0.01	-0.01	-0.02 - 0.00
TOTAL	0.22	0.27	0.12 - 0.33
ADVERTISING & SALES PROMOTION			
Payroll	0.04	0.05	0.03 - 0.06
Employee Benefits	0.01	0.01	0.00 - 0.01
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.02	0.02	0.00 - 0.03
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.53	0.55	0.00 - 0.85
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.00	-0.01	0.00 - 0.01
Credits & Allowances	-0.27	-0.22	-0.23 - 0.00
TOTAL	0.33	0.40	0.06 - 0.75
ACCOUNTING & OFFICE SERVICES			
Payroll	0.15	0.17	0.12 - 0.22
Employee Benefits	0.03	0.04	0.01 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.01	0.01	0.00 - 0.01
Equipment Rentals	0.02	0.02	0.00 - 0.01
Repairs & Maintenance	0.01	0.01	0.00 - 0.01
Supplies	0.02	0.02	0.01 - 0.03
Communications	0.02	0.01	0.00 - 0.01
Services Purchased	0.02	0.02	0.00 - 0.01
Travel	0.01	0.00	0.00 - 0.00
Professional Services	0.01	0.01	0.00 - 0.02
Unclassified	0.05	0.05	0.00 - 0.09
Credits & Allowances	0.00	0.00	-0.01 - 0.00
TOTAL	0.34	0.36	0.18 - 0.46

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $800 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
DATA PROCESSING			
Payroll	0.12	0.13	0.06 - 0.17
Employee Benefits	0.02	0.03	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.01	0.02	0.00 - 0.02
Equipment Rentals	0.04	0.05	0.00 - 0.06
Repairs & Maintenance	0.00	0.01	0.00 - 0.00
Supplies	0.01	0.02	0.00 - 0.03
Communications	0.00	0.01	0.00 - 0.01
Services Purchased	0.01	0.01	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.01	0.00	0.00 - 0.01
Credits & Allowances	-0.01	-0.01	-0.03 - 0.00
TOTAL	0.23	0.27	0.13 - 0.32
GENERAL & ADMINISTRATIVE			
Payroll	0.30	0.36	0.24 - 0.49
Employee Benefits	0.09	0.11	0.04 - 0.13
Property Rentals	0.02	0.02	0.00 - 0.03
Taxes & Licenses	0.01	0.01	0.00 - 0.01
Insurance	0.05	0.07	0.00 - 0.02
Depreciation & Amortization	0.02	0.03	0.00 - 0.04
Equipment Rentals	0.00	0.01	0.00 - 0.01
Repairs & Maintenance	0.00	0.01	0.00 - 0.01
Supplies	0.01	0.01	0.00 - 0.01
Communications	0.01	0.01	0.00 - 0.01
Services Purchased	0.02	0.03	0.00 - 0.04
Travel	0.01	0.02	0.00 - 0.03
Professional Services	0.07	0.09	0.03 - 0.10
Donations	0.02	0.03	0.00 - 0.04
Unclassified	0.24	0.22	0.03 - 0.17
Credits & Allowances	-0.08	-0.12	-0.28 - 0.00
TOTAL	0.80	0.88	0.58 - 1.00
FIELD SUPERVISION			
Payroll	0.13	0.14	0.07 - 0.18
Employee Benefits	0.02	0.03	0.00 - 0.04
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.02	0.01	0.01 - 0.02
Unclassified	0.01	0.01	0.00 - 0.02
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.17	0.20	0.09 - 0.29

1987-88 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $800 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
HUMAN RESOURCES			
Payroll	0.07	0.08	0.04 - 0.10
Employee Benefits	0.01	0.02	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.01	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassifies	0.02	0.04	0.00 - 0.06
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.11	0.15	0.05 - 0.20
REAL ESTATE			
Payroll	0.02	0.03	0.01 - 0.03
Employee Benefits	0.00	0.00	0.00 - 0.00
Taxes & Licenses	0.00	0.00	0.00 - 0.00
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.00	0.01	0.00 - 0.00
Credits & Allowances	-0.03	-0.02	-0.01 - 0.00
TOTAL	0.01	0.02	0.02 - 0.03

APPENDIX

Survey Methodology and Demographics

In July 1988, the Food Marketing Institute mailed a confidential questionnaire to food distribution companies with annual sales over $50 million. The primary intent of this survey was to collect detailed financial and operating information.

Completed surveys were returned in strictest confidence to Leas, Noon and Associates, a survey research firm in Columbus, Ohio. To ensure confidentiality, all company identification was removed from each questionnaire and only a confidential identification code number remained. The data was then coded, keyed, and edited by Leas, Noon and Associates' financial analysts for validity and to produce the financial and operating ratios contained in this study.

In all, 35 firms responded to the survey, providing completed and usable questionnaires to Leas, Noon and Associates for processing. In particular, the statistical sample consists of the following:

	Number of Reporting Firms	Percent of Total
All Firms	35	100.0%
By Sales Volume:		
Less than $300 million	14	40.0%
$300 Million to $800 Million	10	28.6
Over $800 Million	11	31.4
By Geographic Region:		
Northeast	14	40.0%
North Central	5	14.3
South	10	28.6
West	6	17.1

FOOD MARKETING INSTITUTE

Supermarket Financial Performance Study

Confidential Reporting Form

Full Year
1987/88

General Instructions

1. It is not necessary to fill out this confidential reporting form completely in order to participate. **Please give us as much information as you can.**
2. If, in some instances, it is impossible for you to follow the instructions, do not answer those questions; write the words **"NOT AVAILABLE"** (or the abbreviation **"NA"**) on the reporting form.
3. Your figures should be submitted for the LATEST fiscal year for which your books have been closed. This year need not conform with the calendar year. Data need not be audited.
4. **Please report all figures to the nearest dollar (eliminate cents).**
5. Please report all information on employees in **full-time equivalents** (based on 40 hours per week). For example, two part-time employees, each working 20 hours per week would equal one full-time equivalent employee.
6. Please report all data on a FIFO inventory valuation basis.
7. **This information will not be revealed to Food Marketing Institute or anyone else by this firm.**

Mail completed form to:

Leas, Noon & Associates
1585 Bethel Road
Columbus, OH 43220

- -

This coupon will be detached when received by Leas, Noon & Associates to maintain confidentiality of your response.

Please Print.

Person to whom report should be sent:

Name____

Company____

Address____

City______________________ State____________ Zip Code______________

Phone (__________) ______________________

Natural Divisions of Expenses	Store Operations	Warehouse Operations	Transportation Operations	Merchandising & Buying	Advertising & Sales Promotion
Payroll	1	17	33	46	57
Employee Benefits	2	18	34	47	58
Utilities	3	19	▨	▨	▨
Property Rentals	4	20	▨	▨	▨
Taxes & Licenses	5	21	35	▨	▨
Insurance	6	22	36	48	59
Depreciation & Amortization	7	23	37	▨	▨
Equipment Rentals	8	24	38	49	▨
Repairs & Maintenance	9	25	39	▨	▨
Supplies	10	26	40	50	60
Communications	11	27	▨	51	61
Services Purchased	12	28	41	52	62
Travel	13	29	42	53	63
Professional Services	▨	▨	▨	▨	64
Donations	▨	▨	▨	▨	▨
Unclassified	14	30	43	54	65
Credits & Allowances	15	31	44	55	66
TOTALS	16	32	45	56	67

Definitions of Store Formats

Conventional Supermarket	Full-line, self-service store under 30,000 square feet with annual sales of $2 million or more.
Super Store	Full-line, self-service supermarket of over 30,000 square feet of selling area with expanded selections of food and non-food items.
Superette	Self-service food store with annual sales under $2 million.
Warehouse Store	Self-service supermarket featuring low prices, utilitarian fixturing, a warehouse atmosphere and annual sales of at least $2 million.
Combination Store	A supermarket with at least 25% of area in general merchandise.
Box Store	A limited assortment warehouse-type store.

Accounting & Office Services	Data Processing	General & Administrative	Field Supervision	Human Resources	Real Estate	TOTALS
68	82	96	113	123	133	145
69	83	97	114	124	134	146
▨	▨	▨	▨	▨	▨	147
▨	▨	98	▨	▨	▨	148
▨	▨	99	▨	▨	135	149
70	84	100	115	125	136	150
71	85	101	▨	▨	▨	151
72	86	102	▨	▨	137	152
73	87	103	▨	▨	▨	153
74	88	104	116	126	138	154
75	89	105	117	127	139	155
76	90	106	118	128	140	156
77	91	107	119	129	141	157
78	92	108	▨	▨	▨	158
▨	▨	109	▨	▨	▨	159
79	93	110	120	130	142	160
80	94	111	121	131	143	161
81	95	112	122	132	144	162

	Store Formats			
Line	Type of Store	# of Stores	Total Sales	Total Sq. Ft.
1	Conventional Supermarket	# 163	$ 171	179 Sq. Ft
2	Super Store	164	172	180
3	Superette	165	173	181
4	Warehouse Store	166	174	182
5	Combination Store	167	175	183
6	Box Store	168	176	184
7	Other	169	177	185
8	Total (sum of Lines 1 through 7)	170	178	186

Line	Income Statement		
1	Net Sales		$ 187
2	Cost of Goods Sold		188
3	Gross Margin (Line 1 minus Line 2)		189
4	Total Operating Expenses (from previous page)		190
5	Net Operating Profit (Line 3 minus Line 4)		191
	Other Income (Deductions)		▨
6	Cash Discounts Earned	$ 192	
7	Net Interest	193	
8	Net Other Income (Deductions)	194	
9	Total Other Income (Deductions) (sum of Lines 6 through 8)		$ 195
10	Net Income Before Income Tax (Line 5 minus Line 9)		196
11	Income Taxes		197
12	Net Income (Line 10 minus Line 11)		198

	Balance Sheet Data	
Line	**Assets**	
1	Cash	$ 199
2	Accounts Receivable	200
3	Inventory	201
4	Other Current Assets	202
5	Total Current Assets (sum of Lines 1 through 4)	203
6	Other Assets	204
7	Total Assets (sum of Lines 5 and 6)	205
	Liabilities	
8	Accounts Payable	$ 206
9	Notes Payable	207
10	Other Current Liabilities	208
11	Total Current Liabilities (sum of Lines 8 through 10)	209
12	Long Term Liabilities	210
13	Net Worth	211
14	Total Liabilities & Net Worth (sum of Lines 11 through 13)	212

Productivity Information	
ALL STORES	
Net Sales this Year	$ 213
Net Sales Previous Year	$ 214
Number of stores operated this year	# 215
Total Square Feet of Store Area (total of all stores) (sq. ft.)	# 216
Total Square Feet of Selling Area (including aisle space, space, lobby, and checkout area) (total of all stores) (sq. ft.)	# 217
IDENTICAL STORES ONLY*	
Net Sales this Year	$ 218
Net Sales Previous Year	$ 219
Number of stores operated continuously during this two year period	# 220
Total Square Feet of Store Area (total of all identifical stores) (sq. ft.)	221
Total Square Feet of Selling Area (including aisle space, lobby, and checkout area) (total of all identical stores) (sq. ft.)	# 222
PERSONNEL (Please provide answers in FTE's)	
Total Company Employees	# 223
Total "Store Operations" Employees	# 224
Total "General and Administrative" Employees	# 225
Total "Warehouse Operations" Employees	# 226
WAREHOUSE OPERATIONS	
Average Inventory at Cost	$ 227
Average Inventory Space in Cubic Feet	# 228
Shelf Space Square Footage (sq. ft.)	# 229
Number of Distribution Centers	# 230
Total Tonnage Thru Put	# 231
Total Distribution Center Dollar Volume at Cost	$ 232

***"Identical Stores" are those which were operated continuously during the two year period (i.e., the most recent fiscal year and the previous fiscal year).**

DEFINITION OF RESPONSIBILITY CENTERS

Store Operations

The expenses of this responsibility center include all of the direct costs (including employee benefits) of operating individual retail stores. Include here labor costs of employees assigned to stores, supplies and services consumed at the stores, and similar direct store costs, covering receipt, handling, preparation for sale, display and sale of merchandise and the related customer service.

Warehouse Operations

The expenses of this responsibility center include all of the costs (including employee benefits) of receiving, checking, storing, selecting and loading of merchandise and supplies for distribution to the stores. It should not include the cost of manufacturing, processing, or packaging operations located in the warehouse, which should be charged (directly, or by credit to this center) to inventory.

Transportation Operations

The expenses of this responsibility center include all of the company's costs (including employee benefits) of operating a fleet of vehicles for the delivery of merchandise to stores. Hired hauling is included in this center as services purchased. Garage costs (including employee benefits) of repairing the trucks, tractors, and trailers used in the delivery of merchandise to the stores are included in this center. It also includes all costs relating to company-owned vehicles used for all other purposes and charged to the responsibility centers on some established charge-out basis.

Merchandising and Buying

The expenses of this responsibility center include all of the costs (including employee benefits) of the developing of merchandising and pricing policies and the procurement of all items sold or consumed in the stores. Include all buyers, merchandising managers, and clerical and administrative assistants.

Advertising and Sales Promotion

The expenses of this responsibility center include all of the company's costs (including employee benefits) relating to advertising and display, sales promotion, trading stamps and redemptions, double coupons, giveaways, games, customer relations, and public relations; and all other costs incurred to attract and retain customers.

Accounting and Office Services

The expenses of this responsibility center include all of the costs (including employee benefits) of the accounting and bookkeeping activities including tabulating, internal auditing, store inventory taking and processing, budgeting, and all similar activities usually performed by the controller's office. Include also all office service costs such as mail room, telephone switchboard, general office supplies, etc.

Data Processing

The expenses of this responsibility center include all of the company's costs (including employee benefits) relating to the data processing activities of the firm. Include all charges such as tabulating, computing, and programming costs, performed both internally and that which is performed by an outside agency. Expenses for POS register and individual store data processing equipment should be charged to the store operations responsibility center.

General Administration

The expenses of this responsibility center include the costs (including employee benefits) of all central office activities not provided for in the other responsibility centers. Include here the costs and expenses of corporate officers, staff, insurance administration, design and construction, research and development, legal and financial, etc.

Field Supervision

The expenses of this responsibility center include all of the costs (including employee benefits) of the employees engaged in the supervision and administration of the stores. Included herein are the superintendent of stores, regional, divisional, or district managers and supervisors, and the clerical and administrative assistants of such employees, whether stationed in the field or at the home office. Do not include those employees who make occasional field trips and whose primary function is buying or the developing of merchandising policies, who should be charged to Merchandising and Buying.

Human Resources

The expenses of this responsibility center include all of the company's costs for the human resource and personnel functions. Do not include payments and awards based upon contests or any payment or bonuses controlled or governed by individual performance, which should be charged to the payroll accounts of the centers to which the employees are charged.

Real Estate

The expenses of this responsibility center include all of the company's administrative costs relating to real estate, buildings, fixtures, and equipment. Do not include costs for utilities, rentals, taxes and licenses, etc., which are incurred by stores and/or warehouse operations.

NATURAL DIVISIONS OF EXPENSE

Payroll

The natural division "Payroll" includes all salaries, bonuses, or other wage payments for full and part-time employees, including both straight time and overtime.

Employee Benefits

The natural division "Employee Benefits" includes all costs of employee compensation not covered by Payroll. Such expenses include payroll taxes, insurance premiums, vacation, holiday and sick pay, costs associated with operation of employee restaurants and lounges, etc.

Utilities

The natural division "Utilities" covers services purchased from public utilities other than the telephone company, such as gas, steam, electricity, and water.

Property Rentals

The natural division "Property Rentals" is limited to those amounts paid or accrued for the rental of real estate or physical properties, such as land, buildings, offices, warehouses, distribution centers, garages, and parking lots. It does not include payments made for the rental of office and similar equipment, nor does it include taxes, maintenance supplies, repairs, and insurance, or depreciation related to real estate, which shall be charged to other natural divisions.

Taxes and Licenses

The natural division "Taxes and Licenses" includes state and local taxes paid or accrued as well as license fees. Federal and state taxes on income are not to be charged to this natural division.

Insurance

The natural division "Insurance" shall be charged with the cost of all insurance (except employee benefits insurance), whether purchased from outsiders or provided through company reserves, net of dividends and earnings on mutual and reciprocal insurance contracts.

Depreciation and Amortization

The natural division "Depreciation and Amortization" covers depreciation on the book value of buildings, building equipment, furniture, fixtures, office and store equipment, as well as the amortization of book value of leasehold and leasehold improvements.

Equipment Rentals

The natural division "Equipment Rentals" shall be charged with expenses for the rental of all equipments such as cash registers, accounting machines, computers, trucks, etc.

Repairs and Maintenance

The natural division "Repairs and Maintenance" covers the cost of repairs and maintenance of buildings, building equipment, furniture, fixtures, office and store equipment, etc., purchased from or performed by outsiders. This natural division is not to be charged with supplies and repair parts used in repair work performed by the company's own employees, nor with the cost of company labor used in this work.

Supplies

The natural division "Supplies" covers such items as bags, cartons, wrapping materials, cleaning items, stationery, printed forms, register tapes, uniforms, ice, and similar items consumed in the operation of the stores, distribution centers, and offices.

Communications

The natural division "Communications" covers the cost of communication of the company, including postage, telephone, toll service, telegrams, cables, radiograms, teletype service, and telephone equipment rental.

Services Purchased

The natural division "Services Purchased" consists of those services purchased from outsiders, whether companies, individuals, agencies, or independent contractors, which add, supplement, or substitute for a normal routine activity such as advertising, hired hauling, laundry service, scavenger service,pest control, sanitation, armored service, window cleaning, detective service, calculating, statistical typing, etc.

Travel

The natural division "Travel" covers all expenses arising as the result of travel, including transportation, hotel bills, taxi fares, meals, tips, and incidentals.

Professional Services

The natural division "Professional Services" covers professional fees, such as those for public accountants, lawyers, appraisers, architects, and others whose skill is highly specialized and of a professional character.

Donations

The natural division "Donations" includes the cost of gifts to welfare, charitable, educational, or similar institutions or organizations where the purpose of the donation is not principally for publicity purposes.

Unclassified

The natural division "Unclassified" really is not a natural division of expense as such, but has been established to accumulate those items of expense not specifically assigned to the other natural divisions.

Credits and Allowances

The natural division "Credits and Allowances" is not really a natural division as such, but has been provided to receive credits and allowances to expense which are necessary to relieve certain responsibility centers of expenses which should be transferred to other responsibility centers, to cost of sales, to capital accounts, or to receivables. Where such a transfer of expense to another responsibility center is "pure", that is, related only to payroll, supplies, or a similar natural division, the transfer may be made directly from one natural division to another. In most instances, however, transfers of expense cover the accumulated cost of performing a job of work and, therefore, the credit in one center shall be made to this natural division, and the charge shall be made to an appropriate natural division in another center as specified in the description relating to the particular centers involved. The natural division of "Credits and Allowances" also covers the amount of cash or similar allowances received from outsiders for services performed.

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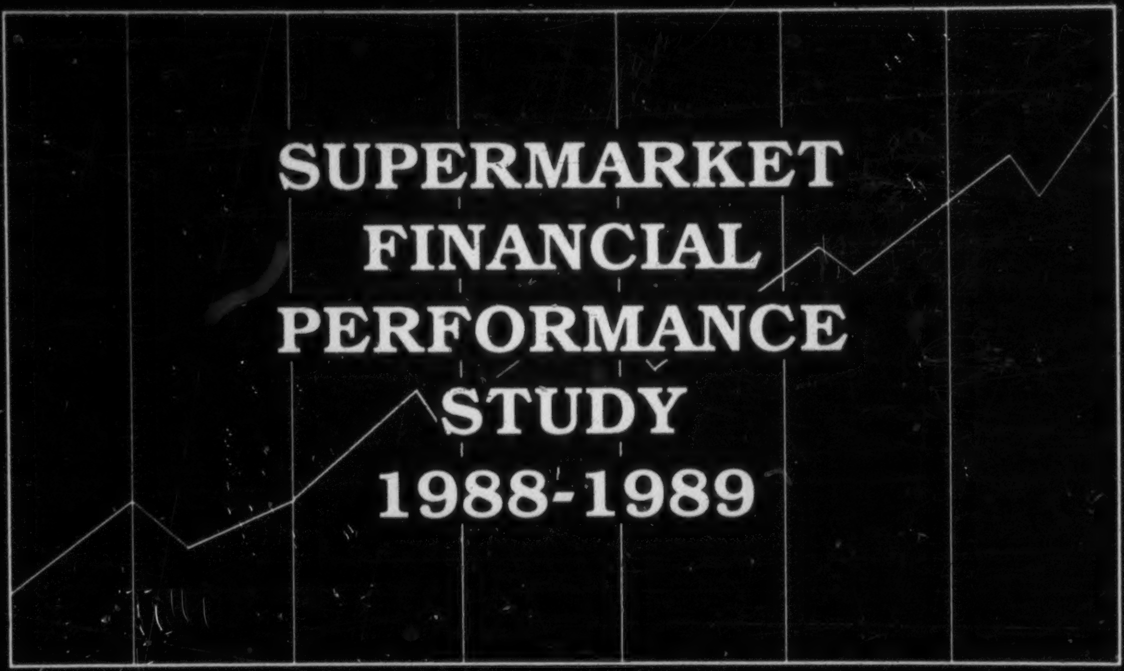

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1988-1989

FMI

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Food Marketing Institute

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The Food Marketing Institute (FMI) is a nonprofit association conducting programs in research, education and public affairs on behalf of its 1,600 members—food retailers and wholesalers and their customers in the United States and around the world. FMI's domestic member companies operate approximately 19,000 retail food stores with a combined annual sales volume of $180 billion—more than half of all grocery sales in the United States. FMI's retail membership is composed of large multi-store chains, small regional firms and independent supermarkets. Its international membership includes more than 210 members from over 55 nations.

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About This Report

The Food Marketing Institute is very pleased to provide this second *FMI Supermarket Financial Performance Study*. This research effort is designed to succeed both the *Headquarters and Distribution Center Cost Review* formerly conducted by FMI, and the *Operating Results of Food Chains* previously produced by Cornell University. As a result, this report contains the most relevant information previously found in both studies.

This study has been designed to serve as an easy-to-understand, managerial tool for industry firms to evaluate their own companies' operating costs and financial performance in order to pinpoint strengths, weaknesses, and improvement opportunities. The overriding objective of this report is to provide information which will enable food marketing executives to better manage their businesses.

To conduct and prepare the study, and to assure strict confidentiality of responses, FMI employed the services of Leas, Noon and Associates, a survey research firm headquartered in Columbus, Ohio. Confidential survey forms (refer to the Appendix for a sample) were sent to retail food chains with annual sales over $50 million. Survey forms were mailed in August 1989, and completed responses were received through December.

EVALUATING THE DATA

The *1988-89 FMI Supermarket Financial Performance Study* is designed to help food chain executives in evaluating their own performance relative to that of similar firms in order to identify improvement opportunities. The information in this report represents broad performance "yardsticks" against which performance can be measured. Spotting significant differences between your firm's performance and the industry composites can be the first step toward improving performance. When making comparisons, several points should be noted:

- A deviation between your figures (for any performance measure) and numbers in the report is not necessarily good or bad. It merely indicates that additional analysis may be required. As a rule, the larger the difference, the greater the need for further investigation.
- In situations where large deviations do exist, it may be helpful to calculate the same measure over the past several years to identify any trends that may have occurred.
- The information in this report should be used as **guidelines** rather than absolute **standards**. Since food companies differ as to their overall strategy, location, size, and other factors, any two concerns can be successful, yet have very different experiences relative to certain measures.

HOW THE TABLES ARE ORGANIZED

The tables in this report are organized to include a number of financial ratios for each relevant aggregation of similar firms. In particular, the financial information provided includes:

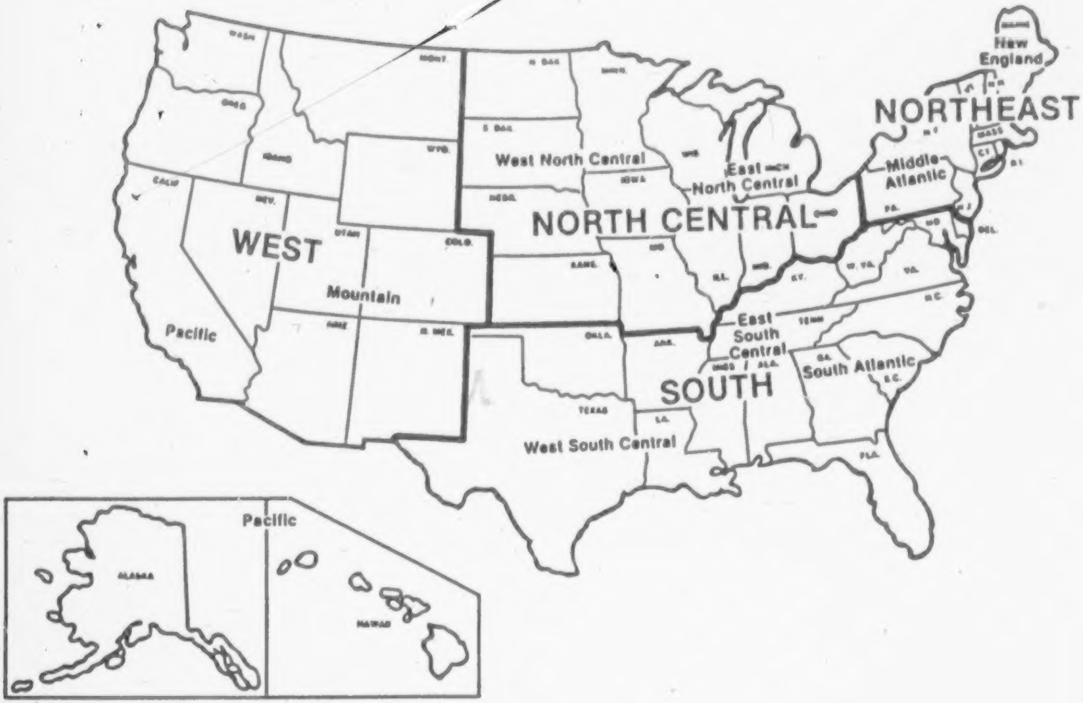
- Overall financial profitability and strength ratios comparing profits to total assets and net worth.
- Space productivity ratios for "all firms" as well as for "identical stores" (those which have been operated continuously for both the present and previous fiscal years).
- Information on store formats, including total square feet per store, sales per store, and sales per square foot.
- Personnel productivity ratios relating to net sales, gross margin and net profit.
- Warehouse operations ratios dealing with square footage and inventory turnover.
- Financial management ratios relating to leverage and liquidity of operations.
- Percentage income statement and balance sheet information.
- A detailed breakdown of all expenses by natural division (payroll, utilities, insurance, etc.), as well as by responsibility center (store operations, warehouse operations, transportation operations, etc.).

This information is provided for all relevant aggregations of the data including:

- **All Firms** Refers to the results of all supermarket food chains responding to the survey. Although differences obviously exist among firms even of the same sales volume size, or geographic area, it is felt that there are enough similarities to make a total population of "all firms" analysis valuable.
- **Sales Volume Size** There are often differences in the operations of smaller versus larger food chains. Thus, the survey details are separated into various groups by firm sales volume to make it more meaningful. For food executives primarily concerned with the data in their own sales volume group, the following aggregations are provided:
    - ☐ Sales less than $750 million
    - ☐ Sales over $750 million

- **Geographic Region** Many differences may also exist depending upon the area of the country. Thus, the analysis also includes regional data broken into geographic regions based on the four U.S. census regions as follows:

  ☐ Northeast
  ☐ North Central
  ☐ South
  ☐ West


New England
NORTHEAST
Middle Atlantic
West North Central
East North Central
NORTH CENTRAL
WEST
Mountain
Pacific
East South Central
South Atlantic
SOUTH
West South Central
Pacific

INTERPRETING THE NUMBERS

Two methods of calculating the survey results are being provided so that historical trends can be maintained from both *Operating Results of Food Chains* (combined dollar averages) and *Distribution Center Cost Study* (means) studies. Both methods result in similarly accurate representations of industry experience, although from slightly different perspectives.

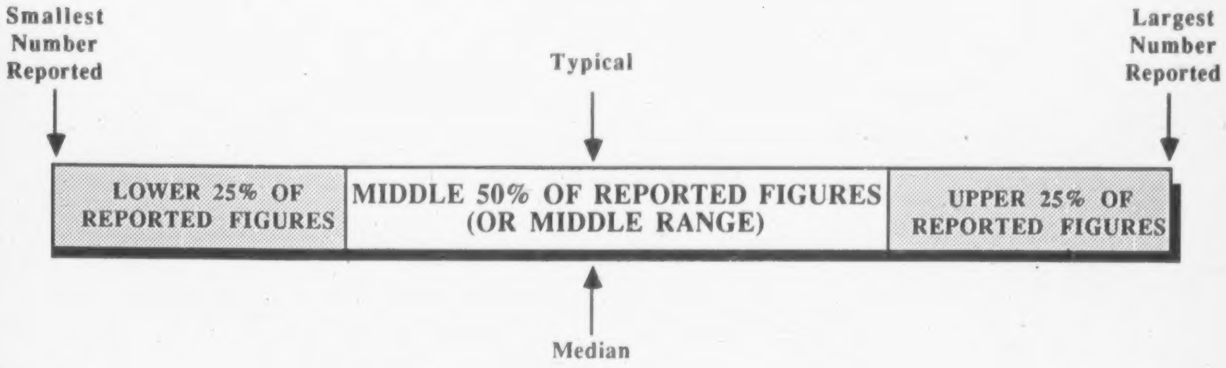
The **"Mean"** figures in this report were obtained by calculating the various ratios for all individual survey forms, and subsequently averaging the resulting individual firms' ratios. This has the effect of giving all firms in the survey equal weight in the calculation of the industry comparatives, **regardless of the size of the company.** For example, a calculation such as payroll as a percent of sales would be calculated as payroll expense divided by net sales for each individual survey. These resulting ratios would then be averaged to determine the mean figure (see example on the next page).

The "**Combined Dollar Average**" figures in this report were obtained by weighting each item by the sales volume of that firm. This has the effect of giving **greater weight to larger sales volume firms** in the calculation of the industry comparatives. For example, the calculation of payroll expense as a percent of sales would be calculated as all firms' payroll expenses divided by all firms' sales volumes. This resulting ratio would be the combined dollar average figure (see example on the next page).

Generally speaking, the Combined Dollar Average figures are more indicative of the overall food marketing industry performance, as they are weighted by the larger sales volume firms. On the other hand, the Mean figures are more useful for intra- and inter- firm comparisons as they give equal weight to all survey participants, regardless of size.

In addition, most of the **profitability** and **productivity** measures are reported on the basis of **Medians.** The "median" figure represents the mid-point of the figures for a particular measure, with one-half of the responding firms reporting figures above it and one-half below (see example below). The median is a good indicator of "typical" performance when calculating **financial ratios**, as it is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances.

Also included for most of the performance indicators is the "middle range." This represents the experience of the middle 50 percent of all firms in the data grouping when items are arranged numerically from lowest to highest. In other words, the upper and lower limits on the "middle range" are simply the upper and lower quartiles, respectively, for that ratio.


Smallest Number Reported
Typical
Largest Number Reported
LOWER 25% OF REPORTED FIGURES
MIDDLE 50% OF REPORTED FIGURES (OR MIDDLE RANGE)
UPPER 25% OF REPORTED FIGURES
Median

The example below details the various methods of calculations used in this report. It is provided to clarify the terms used, and provides **hypothetical data** for a sample ratio.

Company #	Expense Item	÷	Net Sales	=	Individual Ratios
1	$32,100		$342,000		9.39%
2	47,500		400,000		11.88
3	48,100		427,000		11.26
4	48,300		430,000		11.23
5	49,900		499,000		10.00
6	50,100		504,000		9.94
7	52,000		507,000		10.26
Total	328,000		3,109,000		73.96%

Combined Dollar Average Method

$$\frac{\text{Total Expenses}}{\text{Total Sales}} = \frac{328{,}000}{3{,}109{,}000} = \mathbf{10.55\%}$$

Mean Method

$$\frac{\text{Total Individual Ratios}}{\text{Number of firms}} = \frac{73.96}{7} = \mathbf{10.57\%}$$

Median Method

Individual ratios aligned numerically lowest to highest.

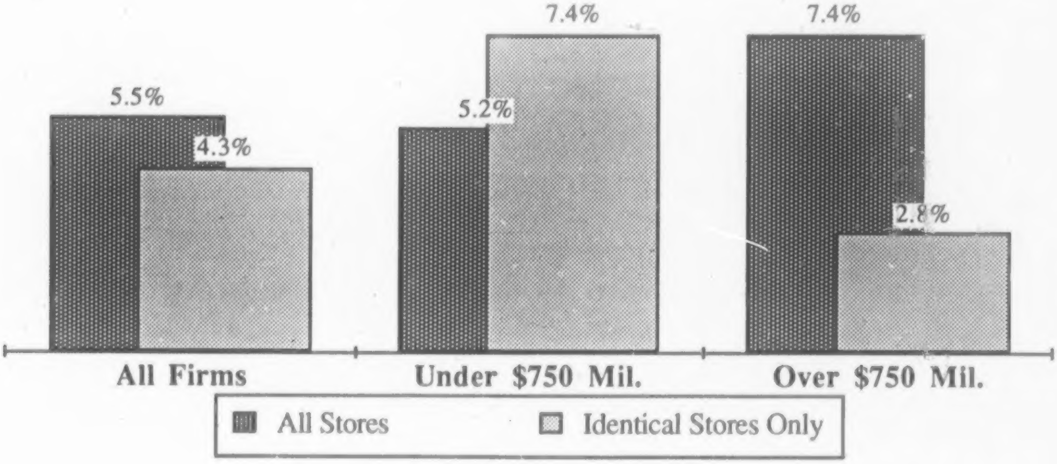
Company	Individual Ratios	
1	9.39	
6	9.94	<
5	10.00	
7	10.26	<-Median ---Middle Range
4	11.23	
3	11.26	<
2	11.88	

Overview of Industry Performance

SALES GROWTH

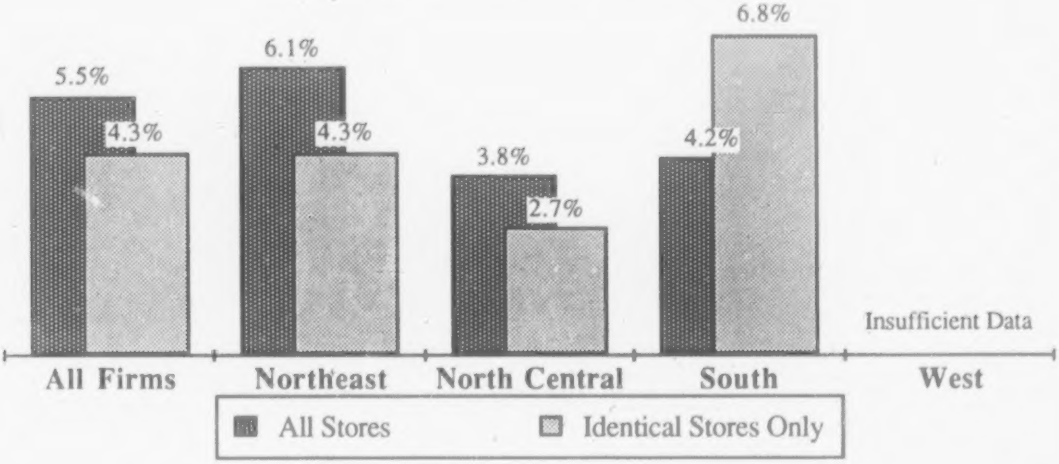
The typical food distributor increased sales 5.5% over the previous year. In terms of growth for the *identical stores* (those stores of a company which were operated continuously during the most recent fiscal year **and** the previous fiscal year) sales increased by 4.3%. Smaller companies (sales under $750 million) achieved a growth level near the industry (5.2%) while the *identical stores* outpaced the overall grouping with an outstanding 7.4% increase over the prior year's sales. Coincidentally, larger stores (sales over $750) *identical stores* grew a modest 2.8% compared with the *all stores* growth rate of 7.4%.

Sales Growth From Previous Year
By Sales Volume



When reviewing growth by region, with the exception of the South region, overall sales growth for *all stores* slightly outpaced the *identical stores*. There was an insufficient response to report the West region companies.

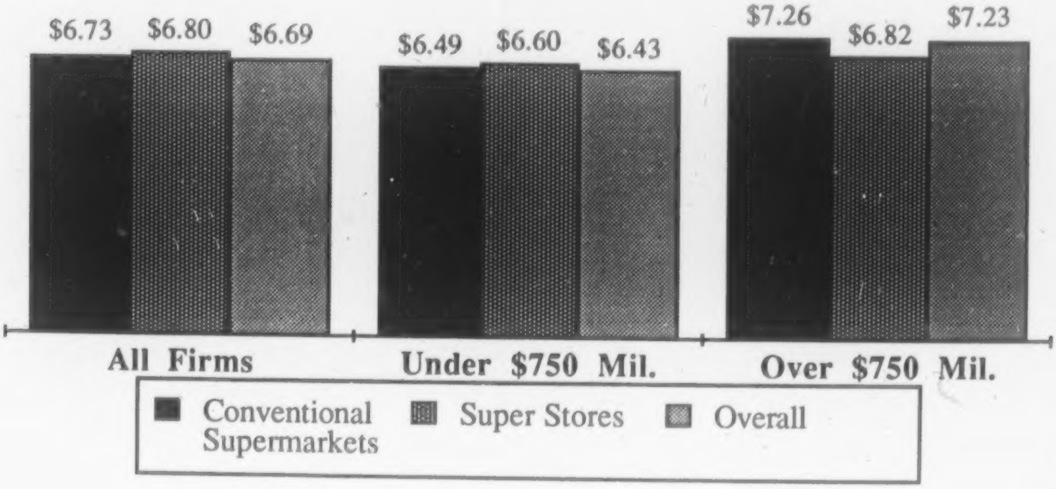
Sales Growth From Previous Year
By Geographic Region



SALES BY STORE FORMAT

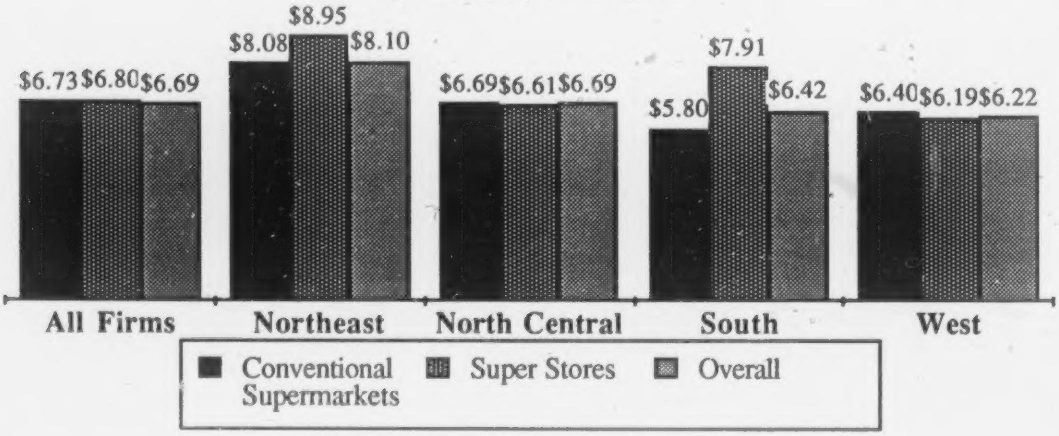
The overall weekly sales per total square foot was $6.69 for the typical respondent. The chart below highlights the weekly sales per square foot by sales volume and store format.

Weekly Sales per Total Square Foot
By Sales Volume



When examining weekly sales per square foot by geographic region, the Northeast achieved superior performance for each store format. Overall, the West, South, and North Central regions reported similar experiences.

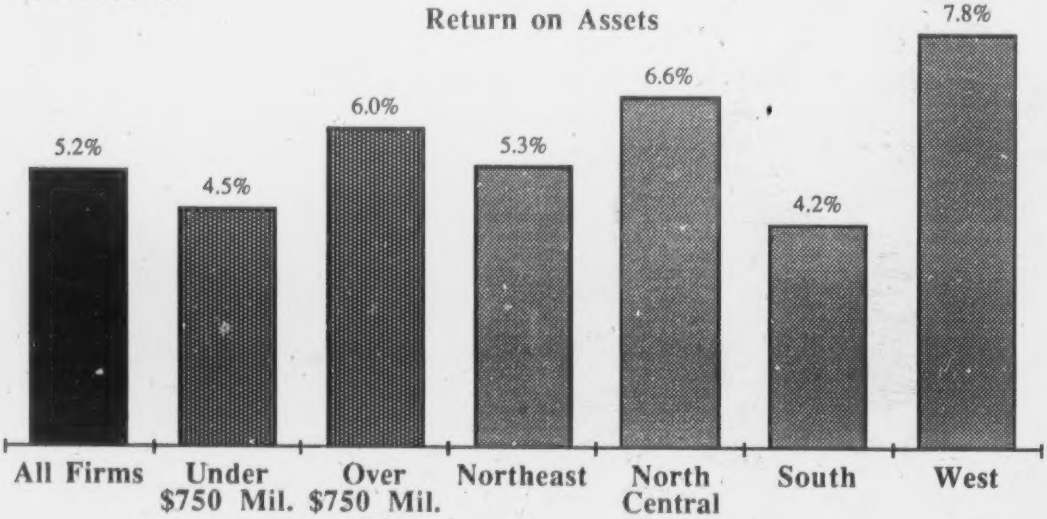
Weekly Sales per Total Square Foot
By Geographic Region



PROFITABILITY PERFORMANCE

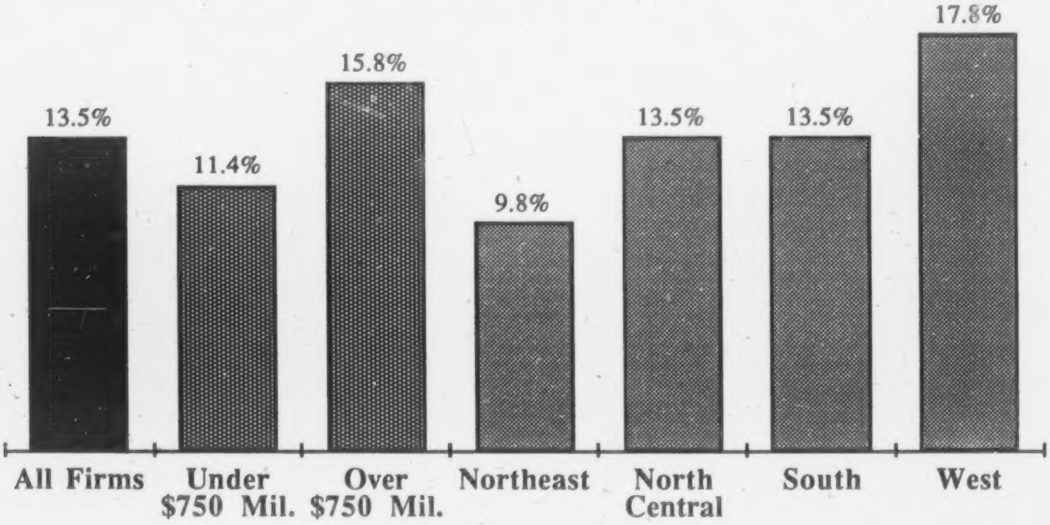
Based on response to the FMI Supermarket Financial Performance Survey, the typical retail food chain experienced a return on assets of 5.2% in the 1988-89 fiscal year. By sales volume, the large firms (those with sales over $750 million) achieved the highest return on assets (6.0%). Geographically, all regions outperformed the industry typical with the exception of those in the South which reported somewhat lower results.

Return on Assets



The chart below presents typical return on net worth (RONW) for all firms, as well as for sales volume groups and geographic regions. The typical return on net worth for retail food chains responding to this year's survey was 13.5%. By sales volume, large firms achieved a superior RONW of 15.8%. Geographically, the West firms achieved the highest RONW (17.8%), while Northeast firms the lowest (9.8%).

Return on Net Worth



INCOME STATEMENT ANALYSIS

The following table compares summary income statements for all firms as well as the various sales volume groups. Retail food chains experienced an average net income of 1.1% of net sales in the most recent fiscal year. Firms with sales over $750 million achieved the highest return on net sales (1.38%), due primarily to a superior gross margin of 24.5%. Smaller sales volume firms overcame their below average gross margins with superior operating expense control and achieved a return slightly below the average.

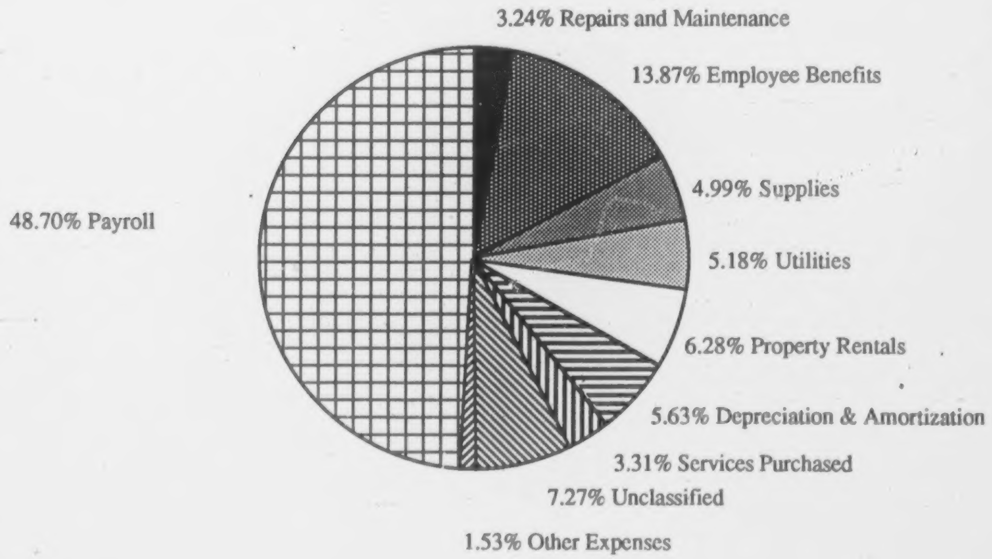
Summary Income Statements
By Sales Volume
(Expressed as a Percent of Net Sales)

	All Firms	Less Than $750 Mil.	Over $750 Mil.
Net Sales	100.0%	100.0%	100.0%
Cost of Goods Sold	76.08	76.49	75.50
Gross Margin	23.92	23.51	24.50
Total Operating Expenses	22.23	22.18	22.32
Net Operating Profit	1.67	1.33	2.16
Total Other Income (Deductions)	(0.08)	0.80	(0.32)
Net Income Before Income Tax	1.59	1.41	1.84
Income Tax	1.49	0.51	0.46
Net Income	1.10	0.90	1.38

OPERATING EXPENSE ANALYSIS

The chart below presents all operating expenses by natural division, expressed as a percent of total expenses. Payroll amounted to nearly half of all operating expenses, while employee benefits expenses accounted for an additional fourteen percent. "Other Expenses" include: taxes and licenses, insurance, equipment rentals, communications, travel, professional services, donations, and credits and allowances. For more detailed accounting of operating expenses, refer to the appropriate detailed tables in the report. The Appendix includes detailed descriptions of these natural divisions and the items contained in each.

Expenses as a Percent of Total Expenses
By Natural Division



PERSONNEL PRODUCTIVITY MEASURES

As payroll is by far the most significant of all operating expenses for retail food chains, special consideration should be given to the management of this resource. The table below compares net sales, gross margin, and net profit per employee for all firms, as well as by sales volume groups and geographic regions. The typical firm achieved sales per employee of $135,870, which translated into $1,410 of net profit for each individual employed by the firm. By sales volume, larger firms achieved higher personnel productivity, with net profits per employee of $3,090.

Personnel Productivity

	Net Sales Per Employee	Gross Margin Per Employee	Net Profit Per Employee
All Firms	$135,870	$34,540	$1,410
By Sales Volume:			
Less Than $750 Million	133,500	30,840	1,110
Over $750 Million	135,870	39,630	3,090
By Geographic Region:			
Northeast	213,390	47,260	1,990
North Central	124,360	35,530	1,660
South	135,870	29,950	1,110
West	133,940	31,090	1,950

WAREHOUSE OPERATIONS MEASURES

The typical inventory investment for retail food chains responding to this study was $30.7 million. Average inventory turnover (at cost) was reported at nearly 16 times. As expected, the larger sales volume firms carried more inventory, and had the highest inventory turnover (16.2 times).

Warehouse Operations

	Average Inventory at Cost ($000's)	Inventory Turnover at Cost
All Firms	$30,702	15.8 times
By Sales Volume:		
Less Than $750 Million	5,235	15.5
Over $750 Million	69,200	16.2

FMI

Supermarket Financial Performance Study

Detailed Results

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	MEDIAN	MIDDLE RANGE
PROFITABILITY MEASURES		
Net Profit After Tax to Total Sales	1.2%	0.5 - 1.5%
Net Profit After Tax to Total Assets	5.2%	2.6 - 7.6%
Net Profit After Tax to Net Worth	13.5%	6.1 - 15.8%
PRODUCTIVITY MEASURES		
SPACE PRODUCTIVITY-ALL STORES		
Sales Growth from Previous Year	5.5%	3.8 - 9.5%
Total Sq. Ft. Per Store	31,836	25,242 - 36,596
Selling Sq. Ft. Per Store	21,099	17,866 - 27,517
Sales Per Store ($000's)	$10,715	$8,104 - 13,628
Weekly Sales Per Total Sq. Ft.	$6.69	$5.97 - 7.91
Weekly Sales Per Selling Sq. Ft.	$9.59	$8.30 - 11.62
SPACE PRODUCTIVITY-IDENTICAL STORES		
Sales Growth from Previous Year	4.3%	2.5 - 8.5%
CURRENT FISCAL YEAR DATA:		
Sales Per Store ($000's)	$11,334	$8,493 - 16,237
Weekly Sales Per Total Sq. Ft.	$7.72	$7.00 - 9.23
Weekly Sales Per Selling Sq. Ft.	$10.40	$9.84 - 12.21
PREVIOUS FISCAL YEAR DATA:		
Sales Per Store (000's)	$10,794	$8,291 - 14,552
Weekly Sales Per Total Sq. Ft.	$7.18	$6.58 - 8.86
Weekly Sales Per Selling Sq. Ft.	$9.78	$8.91 - 11.64
STORE FORMAT DATA		
TOTAL SQ. FT. PER STORE:		
Conventional Supermarkets	22,968	20,924 - 28,247
Super Stores	44,150	34,796 - 45,933
Warehouse Stores	45,248	
OVERALL	31,836	25,242 - 36,596
SALES PER STORE ($000's):		
Conventional Supermarkets	$8,566	$6,864 - 11,080
Super Stores	16,239	12,495 - 18,517
Warehouse Stores	12,030	
OVERALL	10,715	8,104 - 13,628
WEEKLY SALES PER TOTAL SQ. FT.:		
Conventional Supermarkets	$6.73	$5.76 - 8.10
Super Stores	6.80	6.19 - 8.95
Warehouse Stores	5.05	
OVERALL	6.69	5.97 - 7.91

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	MEDIAN	MIDDLE RANGE
PERSONNEL PRODUCTIVITY		
Average Number of Employees	3785	1859 - 8170
Sales Per Employee ($000's)	$135.87	$119.84 - 182.86
Gross Margin Per Employee ($000's)	$34.54	$27.79 - 42.58
Net Profit Per Employee ($000's)	$1.41	$0.64 - 3.11
Payroll as a Percent of Net Sales	10.81%	9.59 - 12.20%
Payroll as a Percent of Total Expenses	48.85%	45.70 - 51.94%
Benefits as a Percent of Total Expenses	12.99%	10.94 - 17.61%
Percent of Employees Who are Employed in:		
Store Operations	87.6	83.7 - 93.3
Warehouse Operations	6.4	3.9 - 8.2
General & Administrative Areas	6.1	0.0 - 8.0
WAREHOUSE OPERATIONS		
Average Inventory at Cost ($000's)	$30,702	$9,969 - 78,370
Average Inventory Space in Cubic Feet (000's)	3,688	2,221 - 8,312
Total Tonnage Thru Put (000's)	2,023	728 - 522,058
Inventory Turnover (at Cost)	15.8X	14.8 - 20.2X
FINANCIAL MANAGEMENT		
Net Sales to Total Assets	4.3%	3.8 - 5.0%
Net Sales to Net Worth	11.8%	9.2 - 16.1%
Net Worth to Total Assets	38.3%	30.2 - 47.9%
Current Ratio	1.3X	1.2 - 1.6X

BALANCE SHEET

	MEAN	MIDDLE RANGE
ASSETS		
Cash	7.5	2.0 - 14.7
Accounts Receivable	3.7	2.0 - 3.5
Inventory	26.4	23.3 - 29.9
Other Current Assets	3.7	1.2 - 5.8
Total Current Assets	41.3	35.3 - 46.6
Other Assets	58.7	53.4 - 64.7
Total Assets	100.0	100.0 - 100.0
LIABILITIES		
Accounts Payable	17.5	15.0 - 21.4
Notes Payable	2.6	0.0 - 3.6
Other Current Liabilities	11.5	7.9 - 13.2
Total Current Liabilities	31.5	25.8 - 34.8
Long Term Liabilities	28.7	20.4 - 38.3
Net Worth	39.8	30.2 - 47.9
Total Liabilities & Net Worth	100.0	100.0 - 100.0

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

INCOME STATEMENT	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
Net Sales	100.00	100.00	100.00 - 100.00
Cost of Goods Sold	75.36	76.08	75.57 - 77.63
Gross Margin	24.64	23.92	22.37 - 24.43
OPERATING EXPENSES:			
Payroll	11.41	10.81	9.59 - 12.20
Employee Benefits	3.54	2.98	2.33 - 3.63
Utilities	1.09	1.15	0.97 - 1.36
Property Rentals	1.42	1.38	1.03 - 1.70
Taxes & Licenses	0.32	0.52	0.25 - 0.37
Insurance	0.48	0.40	0.22 - 0.50
Depreciation & Amortization	1.18	1.24	0.96 - 1.39
Equipment Rentals	0.20	0.20	0.03 - 0.17
Repairs & Maintenance	0.66	0.72	0.55 - 0.93
Supplies	0.92	1.10	1.01 - 1.28
Communications	0.10	0.09	0.06 - 0.12
Services Purchased	0.83	0.75	0.23 - 1.21
Travel	0.08	0.07	0.03 - 0.08
Professional Services	0.08	0.15	0.04 - 0.09
Donations	0.01	0.01	0.00 - 0.02
Unclassified	1.37	1.52	0.49 - 2.42
Credits & Allowances	0.34	-0.84	-0.85 - 0.00
TOTAL	22.01	22.23	19.92 - 24.22
Net Operating Profit	2.62	1.67	0.90 - 2.64
OTHER INCOME (DEDUCTIONS)			
Cash Discounts Earned	0.21	0.31	0.00 - 0.57
Net Interest	-0.63	-0.48	-0.78 - 0.08
Net Other Income (Deductions)	0.01	0.08	-0.13 - 0.12
TOTAL	-0.41	-0.08	-0.46 - 0.54
Net Income Before Income Tax	2.21	1.59	0.66 - 2.30
Income Tax	0.80	0.49	0.04 - 1.02
Net Income	1.41	1.10	0.54 - 1.54

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

EXPENSES BY RESPONSIBILITY CENTER (AS A PERCENT OF NET SALES)	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
STORE OPERATIONS			
Payroll	9.35	8.94	8.23 - 9.89
Employee Benefits	2.91	2.44	1.81 - 2.97
Utilities	1.03	1.09	0.93 - 1.30
Property Rentals	1.27	1.28	1.01 - 1.66
Taxes & Licenses	0.25	0.28	0.18 - 0.34
Insurance	0.41	0.34	0.18 - 0.46
Depreciation & Amortization	0.00	1.03	0.81 - 1.21
Equipment Rentals	0.10	0.13	0.01 - 0.14
Repairs & Maintenance	0.54	0.62	0.45 - 0.82
Supplies	0.75	0.97	0.92 - 1.20
Communications	0.06	0.05	0.04 - 0.07
Services Purchased	0.27	0.25	0.08 - 0.31
Travel	0.01	0.01	0.00 - 0.02
Unclassified	0.96	0.89	0.15 - 1.62
Credits & Allowances	-0.22	-0.13	-0.06 - 0.00
TOTAL	18.66	18.21	17.46 - 19.22
WAREHOUSE OPERATIONS			
Payroll	0.73	0.55	0.01 - 0.84
Employee Benefits	0.25	0.18	0.00 - 0.29
Utilities	0.06	0.06	0.00 - 0.08
Property Rentals	0.12	0.07	0.00 - 0.14
Taxes & Licenses	0.04	0.21	0.00 - 0.04
Insurance	0.03	0.02	0.00 - 0.02
Depreciation & Amortization	0.08	0.07	0.00 - 0.09
Equipment Rentals	0.02	0.01	0.00 - 0.01
Repairs & Maintenance	0.07	0.05	0.00 - 0.08
Supplies	0.05	0.03	0.00 - 0.04
Communications	0.01	0.00	0.00 - 0.00
Services Purchased	0.04	0.02	0.00 - 0.03
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.04	0.04	0.00 - 0.02
Credits & Allowances	0.15	-0.29	-0.06 - 0.00
TOTAL	0.78	1.03	0.00 - 1.97
TRANSPORTATION OPERATIONS			
Payroll	0.36	0.23	0.00 - 0.40
Employee Benefits	0.12	0.07	0.00 - 0.11
Taxes & Licenses	0.02	0.01	0.00 - 0.02
Insurance	0.02	0.01	0.00 - 0.02
Depreciation & Amortization	0.06	0.04	0.00 - 0.05
Equipment Rentals	0.02	0.01	0.00 - 0.00
Repairs & Maintenance	0.03	0.04	0.00 - 0.06
Supplies	0.06	0.03	0.00 - 0.00
Services Purchased	0.05	0.01	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.06	0.03	0.00 - 0.05
Credits & Allowances	-0.14	-0.09	-0.11 - 0.00
TOTAL	0.66	0.40	0.00 - 0.70

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
MERCHANDISE & BUYING			
Payroll	0.17	0.15	0.10 - 0.20
Employee Benefits	0.04	0.03	0.00 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.01	0.01	0.00 - 0.01
Unclassified	0.02	0.01	0.00 - 0.01
Credits & Allowances	-0.30	-0.10	0.00 - 0.00
TOTAL	-0.04	0.11	0.01 - 0.32
ADVERTISING & SALES PROMOTION			
Payroll	0.04	0.06	0.02 - 0.08
Employee Benefits	0.01	0.01	0.00 - 0.01
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.02
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.40	0.41	0.00 - 0.84
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.07	0.00 - 0.00
Unclassified	0.11	0.32	0.00 - 0.21
Credits & Allowances	-0.05	-0.13	-0.07 - 0.00
TOTAL	0.53	0.76	0.08 - 1.13
ACCOUNTING & OFFICE SERVICES			
Payroll	0.16	0.17	0.11 - 0.24
Employee Benefits	0.04	0.04	0.02 - 0.06
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.01	0.01	0.00 - 0.01
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.01	0.00	0.00 - 0.01
Supplies	0.01	0.01	0.00 - 0.01
Communications	0.01	0.01	0.00 - 0.01
Services Purchased	0.02	0.01	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.01	0.00 - 0.02
Unclassified	0.02	0.00	0.00 - 0.03
Credits & Allowances	-0.01	-0.02	0.00 - 0.00
TOTAL	0.28	0.25	0.14 - 0.38

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
DATA PROCESSING			
Payroll	0.12	0.08	0.05 - 0.11
Employee Benefits	0.03	0.02	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.02	0.01	0.00 - 0.02
Equipment Rentals	0.05	0.03	0.00 - 0.05
Repairs & Maintenance	0.01	0.01	0.00 - 0.02
Supplies	0.02	0.02	0.01 - 0.03
Communications	0.01	0.00	0.00 - 0.01
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.02	0.02	0.00 - 0.01
Credits & Allowances	-0.01	-0.01	0.00 - 0.00
TOTAL	0.26	0.20	0.08 - 0.25
GENERAL & ADMINISTRATIVE			
Payroll	0.26	0.35	0.18 - 0.41
Employee Benefits	0.09	0.12	0.04 - 0.11
Property Rentals	0.03	0.03	0.00 - 0.04
Taxes & Licenses	0.01	0.02	0.00 - 0.02
Insurance	0.02	0.03	0.00 - 0.03
Depreciation & Amortization	0.05	0.08	0.01 - 0.11
Equipment Rentals	0.00	0.01	0.00 - 0.01
Repairs & Maintenance	0.00	0.01	0.00 - 0.02
Supplies	0.01	0.02	0.00 - 0.01
Communications	0.01	0.02	0.00 - 0.02
Services Purchased	0.04	0.03	0.00 - 0.03
Travel	0.02	0.02	0.01 - 0.04
Professional Services	0.06	0.06	0.03 - 0.08
Donations	0.01	0.01	0.00 - 0.02
Unclassified	0.11	0.17	0.00 - 0.17
Credits & Allowances	-0.11	-0.05	-0.07 - 0.00
TOTAL	0.61	0.91	0.57 - 1.03
FIELD SUPERVISION			
Payroll	0.11	0.18	0.07 - 0.23
Employee Benefits	0.02	0.03	0.00 - 0.04
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.02	0.01	0.00 - 0.03
Unclassified	0.01	0.01	0.00 - 0.01
Credits & Allowances	0.00	-0.01	0.00 - 0.00
TOTAL	0.18	0.24	0.10 - 0.33

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

ALL FIRMS

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
HUMAN RESOURCES			
Payroll	0.08	0.08	0.04 - 0.11
Employee Benefits	0.03	0.04	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassifies	0.02	0.02	0.00 - 0.04
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.14	0.15	0.05 - 0.18
REAL ESTATE			
Payroll	0.02	0.01	0.00 - 0.02
Employee Benefits	0.00	0.00	0.00 - 0.00
Taxes & Licenses	0.00	0.00	0.00 - 0.00
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.01	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.00	0.00	0.00 - 0.00
Credits & Allowances	-0.09	-0.03	0.00 - 0.00
TOTAL	-0.05	-0.01	0.00 - 0.03

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $750 MILLION

	MEDIAN	MIDDLE RANGE
PROFITABILITY MEASURES		
Net Profit After Tax to Total Sales	1.0%	0.7 - 1.3%
Net Profit After Tax to Total Assets	4.5%	3.2 - 6.9%
Net Profit After Tax to Net Worth	11.4%	9.8 - 15.3%
PRODUCTIVITY MEASURES		
SPACE PRODUCTIVITY-ALL STORES		
Sales Growth from Previous Year	5.2%	3.5 - 9.1%
Total Sq. Ft. Per Store	31,213	24,945 - 32,644
Selling Sq. Ft. Per Store	18,377	16,867 - 23,700
Sales Per Store ($000's)	$8,990	$7,687 - 11,018
Weekly Sales Per Total Sq. Ft.	$6.43	$5.55 - 7.42
Weekly Sales Per Selling Sq. Ft.	$9.25	$7.04 - 12.00
SPACE PRODUCTIVITY-IDENTICAL STORES		
Sales Growth from Previous Year	7.4%	3.4 - 8.6%
CURRENT FISCAL YEAR DATA:		
Sales Per Store ($000's)	$11,080	$8,114 - 11,848
Weekly Sales Per Total Sq. Ft.	$7.55	$6.08 - 8.85
Weekly Sales Per Selling Sq. Ft.	$9.89	$6.49 - 10.73
PREVIOUS FISCAL YEAR DATA:		
Sales Per Store (000's)	$10,362	$7,961 - 11,150
Weekly Sales Per Total Sq. Ft.	$6.95	$5.57 - 8.03
Weekly Sales Per Selling Sq. Ft.	$9.30	$5.69 - 9.90
STORE FORMAT DATA		
TOTAL SQ. FT. PER STORE:		
Conventional Supermarkets	21,578	20,132 - 22,989
Super Stores	37,761	33,589 - 43,065
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	31,213	24,945 - 32,644
SALES PER STORE ($000's):		
Conventional Supermarkets	$7,346	$5,196 - 10,706
Super Stores	13,660	11,334 - 16,291
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	8,990	7,687 - 11,018
WEEKLY SALES PER TOTAL SQ. FT.:		
Conventional Supermarkets	$6.49	$5.17 - 8.12
Super Stores	6.60	6.02 - 7.66
Warehouse Stores	INSUFFICIENT DATA	
OVERALL	6.43	5.55 - 7.42

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $750 MILLION

	MEDIAN	MIDDLE RANGE
PERSONNEL PRODUCTIVITY		
Average Number of Employees	1859	1273 - 2738
Sales Per Employee ($000's)	$133.50	$102.83 - 168.90
Gross Margin Per Employee ($000's)	$30.84	$22.43 - 38.70
Net Profit Per Employee ($000's)	$1.11	$0.67 - 1.60
Payroll as a Percent of Net Sales	10.32%	9.30 - 11.20%
Payroll as a Percent of Total Expenses	46.32%	43.74 - 48.68%
Benefits as a Percent of Total Expenses	12.22%	9.97 - 14.55%
Percent of Employees Who are Employed in:		
Store Operations	92.4	89.6 - 96.1
Warehouse Operations	5.3	3.7 - 6.6
General & Administrative Areas	2.3	0.0 - 5.3
WAREHOUSE OPERATIONS		
Average Inventory at Cost ($000's)	$5,235	
Average Inventory Space in Cubic Feet (000's)		INSUFFICIENT DATA
Total Tonnage Thru Put (000's)		INSUFFICIENT DATA
Inventory Turnover (at Cost)	15.5X	
FINANCIAL MANAGEMENT		
Net Sales to Total Assets	4.9%	4.3 - 5.3%
Net Sales to Net Worth	12.3%	8.9 - 16.7%
Net Worth to Total Assets	39.7%	30.4 - 54.2%
Current Ratio	1.3X	1.0 - 1.6X

BALANCE SHEET

	MEAN	MIDDLE RANGE
ASSETS		
Cash	10.1	4.3 - 15.1
Accounts Receivable	2.9	2.0 - 3.6
Inventory	23.9	21.4 - 28.1
Other Current Assets	4.4	1.3 - 6.2
Total Current Assets	41.3	36.7 - 44.6
Other Assets	58.8	55.4 - 63.3
Total Assets	100.0	100.0 - 100.0
LIABILITIES		
Accounts Payable	15.2	12.5 - 19.1
Notes Payable	3.6	0.1 - 4.3
Other Current Liabilities	12.7	7.0 - 13.5
Total Current Liabilities	31.5	25.2 - 36.0
Long Term Liabilities	24.9	13.9 - 32.4
Net Worth	43.6	30.4 - 54.2
Total Liabilities & Net Worth	100.0	100.0 - 100.0

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $750 MILLION

INCOME STATEMENT	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
Net Sales	100.00	100.00	100.00 - 100.00
Cost of Goods Sold	76.17	76.49	75.72 - 77.86
Gross Margin	23.83	23.51	22.14 - 24.28
OPERATING EXPENSES:			
Payroll	10.63	10.32	9.30 - 11.20
Employee Benefits	2.78	2.64	2.08 - 3.23
Utilities	1.08	1.15	0.97 - 1.31
Property Rentals	1.44	1.32	1.00 - 1.58
Taxes & Licenses	0.58	0.71	0.25 - 0.49
Insurance	0.29	0.35	0.21 - 0.43
Depreciation & Amortization	1.42	1.28	1.00 - 1.39
Equipment Rentals	0.07	0.13	0.03 - 0.11
Repairs & Maintenance	0.82	0.77	0.55 - 1.01
Supplies	1.23	1.22	1.21 - 1.30
Communications	0.08	0.08	0.05 - 0.11
Services Purchased	1.15	0.85	0.15 - 1.25
Travel	0.07	0.07	0.03 - 0.08
Professional Services	0.12	0.20	0.04 - 0.09
Donations	0.01	0.01	0.00 - 0.01
Unclassified	1.07	1.49	0.45 - 2.42
Credits & Allowances	-0.29	-0.39	-0.68 - 0.00
TOTAL	22.55	22.18	20.54 - 23.15
Net Operating Profit	1.28	1.33	0.90 - 2.12
OTHER INCOME (DEDUCTIONS)			
Cash Discounts Earned	0.24	0.25	0.00 - 0.35
Net Interest	-0.57	-0.32	-0.59 - 0.12
Net Other Income (Deductions)	0.14	0.15	-0.09 - 0.23
TOTAL	-0.18	0.08	-0.10 - 0.66
Net Income Before Income Tax	1.10	1.41	1.06 - 2.14
Income Tax	0.51	0.51	0.05 - 0.70
Net Income	0.59	0.90	0.74 - 1.27

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $750 MILLION

EXPENSES BY RESPONSIBILITY CENTER (AS A PERCENT OF NET SALES)	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
STORE OPERATIONS			
Payroll	9.01	8.73	8.10 - 9.33
Employee Benefits	2.33	2.20	1.75 - 2.52
Utilities	1.04	1.09	0.93 - 1.23
Property Rentals	1.34	1.25	0.98 - 1.58
Taxes & Licenses	0.38	0.33	0.21 - 0.36
Insurance	0.20	0.28	0.13 - 0.36
Depreciation & Amortization	1.19	1.09	0.91 - 1.26
Equipment Rentals	0.04	0.10	0.01 - 0.06
Repairs & Maintenance	0.72	0.68	0.45 - 0.90
Supplies	1.12	1.13	1.06 - 1.25
Communications	0.05	0.05	0.03 - 0.07
Services Purchased	0.33	0.27	0.06 - 0.26
Travel	0.01	0.01	0.00 - 0.01
Unclassified	0.60	0.84	0.10 - 1.71
Credits & Allowances	0.00	-0.08	0.00 - 0.00
TOTAL	18.36	17.97	17.55 - 18.66
WAREHOUSE OPERATIONS			
Payroll	0.43	0.36	0.00 - 0.68
Employee Benefits	0.12	0.11	0.00 - 0.11
Utilities	0.04	0.05	0.00 - 0.05
Property Rentals	0.06	0.04	0.00 - 0.03
Taxes & Licenses	0.17	0.34	0.00 - 0.05
Insurance	0.01	0.01	0.00 - 0.01
Depreciation & Amortization	0.04	0.05	0.00 - 0.06
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.04	0.03	0.00 - 0.05
Supplies	0.03	0.02	0.00 - 0.03
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.01	0.01	0.00 - 0.01
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.01	0.01	0.00 - 0.01
Credits & Allowances	-0.02	-0.05	0.00 - 0.00
TOTAL	0.94	0.98	0.00 - 1.46
TRANSPORTATION OPERATIONS			
Payroll	0.15	0.12	0.00 - 0.21
Employee Benefits	0.04	0.03	0.00 - 0.05
Taxes & Licenses	0.01	0.01	0.00 - 0.01
Insurance	0.01	0.01	0.00 - 0.01
Depreciation & Amortization	0.02	0.02	0.00 - 0.04
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.04	0.03	0.00 - 0.04
Supplies	0.01	0.01	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.01	0.01	0.00 - 0.00
Unclassified	0.01	0.01	0.00 - 0.00
Credits & Allowances	-0.03	-0.02	0.00 - 0.00
TOTAL	0.26	0.23	0.00 - 0.49

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $750 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
MERCHANDISE & BUYING			
Payroll	0.11	0.12	0.00 - 0.15
Employee Benefits	0.02	0.02	0.00 - 0.04
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.01	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.01
Unclassified	0.00	0.00	0.00 - 0.00
Credits & Allowances	-0.03	-0.01	0.00 - 0.00
TOTAL	0.13	0.14	0.00 - 0.27
ADVERTISING & SALES PROMOTION			
Payroll	0.07	0.06	0.03 - 0.07
Employee Benefits	0.01	0.01	0.00 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.02	0.01	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.74	0.53	0.00 - 0.85
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.05	0.12	0.00 - 0.00
Unclassified	0.40	0.44	0.00 - 0.74
Credits & Allowances	-0.17	-0.18	-0.12 - 0.00
TOTAL	1.11	0.99	0.45 - 1.64
ACCOUNTING & OFFICE SERVICES			
Payroll	0.19	0.17	0.11 - 0.29
Employee Benefits	0.04	0.04	0.00 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.00	0.01	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.01	0.00 - 0.01
Communications	0.00	0.01	0.00 - 0.00
Services Purchased	0.01	0.01	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.01	0.00 - 0.01
Unclassified	-0.08	-0.03	0.00 - 0.00
Credits & Allowances	-0.03	-0.03	0.00 - 0.00
TOTAL	0.16	0.19	0.11 - 0.31

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $750 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
DATA PROCESSING			
Payroll	0.07	0.06	0.03 - 0.08
Employee Benefits	0.01	0.01	0.00 - 0.02
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.01	0.01	0.00 - 0.01
Equipment Rentals	0.02	0.02	0.00 - 0.02
Repairs & Maintenance	0.01	0.01	0.00 - 0.01
Supplies	0.02	0.01	0.00 - 0.02
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.02	0.03	0.00 - 0.01
Credits & Allowances	-0.01	0.00	0.00 - 0.00
TOTAL	0.16	0.14	0.06 - 0.21
GENERAL & ADMINISTRATIVE			
Payroll	0.32	0.40	0.17 - 0.47
Employee Benefits	0.09	0.13	0.04 - 0.10
Property Rentals	0.04	0.03	0.00 - 0.04
Taxes & Licenses	0.02	0.02	0.00 - 0.03
Insurance	0.07	0.04	0.00 - 0.04
Depreciation & Amortization	0.16	0.10	0.02 - 0.12
Equipment Rentals	0.01	0.01	0.00 - 0.01
Repairs & Maintenance	0.01	0.01	0.00 - 0.02
Supplies	0.01	0.02	0.00 - 0.03
Communications	0.02	0.02	0.00 - 0.02
Services Purchased	0.04	0.02	0.00 - 0.02
Travel	0.02	0.02	0.01 - 0.04
Professional Services	0.06	0.07	0.03 - 0.09
Donations	0.01	0.01	0.00 - 0.01
Unclassified	0.10	0.19	0.00 - 0.17
Credits & Allowances	-0.01	-0.01	0.00 - 0.00
TOTAL	0.96	1.10	0.63 - 1.06
FIELD SUPERVISION			
Payroll	0.20	0.22	0.11 - 0.31
Employee Benefits	0.03	0.04	0.00 - 0.05
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.01	0.00	0.00 - 0.00
Travel	0.02	0.01	0.00 - 0.03
Unclassified	0.01	0.01	0.00 - 0.00
Credits & Allowances	-0.01	-0.01	0.00 - 0.00
TOTAL	0.27	0.28	0.17 - 0.37

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME LESS THAN $750 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
HUMAN RESOURCES			
Payroll	0.07	0.08	0.05 - 0.10
Employee Benefits	0.08	0.05	0.00 - 0.04
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.00	0.00 - 0.00
Communications	0.01	0.00	0.00 - 0.00
Services Purchased	0.01	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassifies	0.02	0.01	0.00 - 0.01
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.19	0.15	0.05 - 0.15
REAL ESTATE			
Payroll	0.01	0.00	0.00 - 0.00
Employee Benefits	0.00	0.00	0.00 - 0.00
Taxes & Licenses	0.01	0.00	0.00 - 0.00
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	-0.02	-0.01	0.00 - 0.00
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.00	0.00	0.00 - 0.00

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $750 MILLION

	MEDIAN	MIDDLE RANGE
PROFITABILITY MEASURES		
Net Profit After Tax to Total Sales	1.4%	-0.0 - 2.4%
Net Profit After Tax to Total Assets	6.0%	-0.1 - 9.5%
Net Profit After Tax to Net Worth	15.8%	-0.2 - 17.8%
PRODUCTIVITY MEASURES		
SPACE PRODUCTIVITY-ALL STORES		
Sales Growth from Previous Year	7.4%	4.0 - 9.5%
Total Sq. Ft. Per Store	35,000	26,333 - 39,360
Selling Sq. Ft. Per Store	25,035	20,071 - 27,648
Sales Per Store ($000's)	$11,512	$8,580 - 15,885
Weekly Sales Per Total Sq. Ft.	$7.23	$6.29 - 8.10
Weekly Sales Per Selling Sq. Ft.	$9.61	$9.37 - 11.20
SPACE PRODUCTIVITY-IDENTICAL STORES		
Sales Growth from Previous Year	2.8%	2.0 - 6.2%
CURRENT FISCAL YEAR DATA:		
Sales Per Store ($000's)	$15,103	$9,985 - 16,800
Weekly Sales Per Total Sq. Ft.	$8.06	$7.69 - 9.13
Weekly Sales Per Selling Sq. Ft.	$12.06	$10.26 - 12.68
PREVIOUS FISCAL YEAR DATA:		
Sales Per Store (000's)	$13,806	$9,707 - 16,158
Weekly Sales Per Total Sq. Ft.	$7.84	$7.29 - 8.85
Weekly Sales Per Selling Sq. Ft.	$11.54	$9.80 - 12.33
STORE FORMAT DATA		
TOTAL SQ. FT. PER STORE:		
Conventional Supermarkets	25,522	22,881 - 31,489
Super Stores	45,111	44,360 - 55,226
Warehouse Stores	43,250	
OVERALL	35,000	26,333 - 39,360
SALES PER STORE ($000's):		
Conventional Supermarkets	$8,933	$8,193 - 11,492
Super Stores	18,382	16,187 - 19,986
Warehouse Stores	11,590	
OVERALL	11,512	8,580 - 15,885
WEEKLY SALES PER TOTAL SQ. FT.:		
Conventional Supermarkets	$7.26	$6.41 - 8.10
Super Stores	6.82	6.53 - 8.95
Warehouse Stores	4.72	
OVERALL	7.23	6.29 - 8.10

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $750 MILLION

	MEDIAN	MIDDLE RANGE
PERSONNEL PRODUCTIVITY		
Average Number of Employees	9349	6696 - 19425
Sales Per Employee ($000's)	$135.87	$127.83 - 222.89
Gross Margin Per Employee ($000's)	$39.63	$29.85 - 47.90
Net Profit Per Employee ($000's)	$3.09	$0.43 - 4.02
Payroll as a Percent of Net Sales	11.51%	10.20 - 12.24%
Payroll as a Percent of Total Expenses	51.67%	49.92 - 53.11%
Benefits as a Percent of Total Expenses	15.50%	12.01 - 18.12%
Percent of Employees Who are Employed in:		
Store Operations	82.2	78.9 - 88.0
Warehouse Operations	7.5	4.4 - 10.0
General & Administrative Areas	10.3	6.5 - 10.6
WAREHOUSE OPERATIONS		
Average Inventory at Cost ($000's)	$69,200	$40,582 - 88,172
Average Inventory Space in Cubic Feet (000's)	4,138	
Total Tonnage Thru Put (000's)	21,511	
Inventory Turnover (at Cost)	16.2X	
FINANCIAL MANAGEMENT		
Net Sales to Total Assets	3.8%	2.9 - 4.2%
Net Sales to Net Worth	11.5%	9.9 - 12.3%
Net Worth to Total Assets	36.6%	30.3 - 38.8%
Current Ratio	1.4X	1.2 - 1.6X

BALANCE SHEET

	MEAN	MIDDLE RANGE
ASSETS		
Cash	4.5	1.2 - 4.8
Accounts Receivable	4.7	2.4 - 3.5
Inventory	29.3	24.7 - 33.0
Other Current Assets	3.0	0.9 - 4.5
Total Current Assets	41.4	35.0 - 47.5
Other Assets	58.6	52.5 - 65.0
Total Assets	100.0	100.0 - 100.0
LIABILITIES		
Accounts Payable	20.1	15.9 - 22.6
Notes Payable	1.3	0.0 - 1.4
Other Current Liabilities	10.0	8.3 - 11.5
Total Current Liabilities	31.5	27.3 - 33.9
Long Term Liabilities	33.3	25.5 - 39.1
Net Worth	35.2	30.3 - 38.8
Total Liabilities & Net Worth	100.0	100.0 - 100.0

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $750 MILLION

INCOME STATEMENT	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
Net Sales	100.00	100.00	100.00 - 100.00
Cost of Goods Sold	75.21	75.50	74.74 - 77.31
Gross Margin	24.79	24.50	22.69 - 25.26
OPERATING EXPENSES:			
Payroll	11.55	11.51	10.20 - 12.24
Employee Benefits	3.69	3.46	2.36 - 3.91
Utilities	1.10	1.15	1.01 - 1.46
Property Rentals	1.41	1.47	1.11 - 1.83
Taxes & Licenses	0.27	0.25	0.19 - 0.31
Insurance	0.52	0.48	0.36 - 0.53
Depreciation & Amortization	1.13	1.18	0.87 - 1.39
Equipment Rentals	0.23	0.31	0.12 - 0.37
Repairs & Maintenance	0.63	0.66	0.59 - 0.73
Supplies	0.87	0.93	0.86 - 1.16
Communications	0.11	0.10	0.07 - 0.12
Services Purchased	0.77	0.60	0.32 - 0.90
Travel	0.08	0.07	0.05 - 0.07
Professional Services	0.07	0.07	0.05 - 0.09
Donations	0.01	0.02	0.00 - 0.02
Unclassified	1.42	1.56	0.72 - 2.25
Credits & Allowances	0.46	-1.50	-1.41 - -0.19
TOTAL	21.91	22.32	19.78 - 24.48
Net Operating Profit	2.87	2.16	1.58 - 2.85
OTHER INCOME (DEDUCTIONS)			
Cash Discounts Earned	0.21	0.39	0.00 - 0.70
Net Interest	-0.64	-0.70	-0.94 - -0.18
Net Other Income (Deductions)	-0.02	-0.01	-0.13 - 0.10
TOTAL	-0.45	-0.32	-0.66 - 0.10
Net Income Before Income Tax	2.42	1.84	-0.05 - 2.71
Income Tax	0.85	0.46	-0.02 - 1.11
Net Income	1.56	1.38	-0.01 - 2.40

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $750 MILLION

EXPENSES BY RESPONSIBILITY CENTER (AS A PERCENT OF NET SALES)	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
STORE OPERATIONS			
Payroll	9.42	9.25	8.64 - 9.92
Employee Benefits	3.01	2.80	2.12 - 3.16
Utilities	1.03	1.09	0.96 - 1.36
Property Rentals	1.26	1.32	1.11 - 1.69
Taxes & Licenses	0.23	0.20	0.15 - 0.26
Insurance	0.45	0.42	0.33 - 0.48
Depreciation & Amortization	0.92	0.95	0.78 - 1.20
Equipment Rentals	0.11	0.18	0.01 - 0.24
Repairs & Maintenance	0.50	0.54	0.46 - 0.56
Supplies	0.68	0.75	0.63 - 0.98
Communications	0.06	0.05	0.05 - 0.07
Services Purchased	0.26	0.23	0.16 - 0.31
Travel	0.01	0.01	0.00 - 0.02
Unclassified	1.03	0.96	0.25 - 1.36
Credits & Allowances	-0.25	-0.19	-0.28 - -0.01
TOTAL	18.72	18.55	16.71 - 19.62
WAREHOUSE OPERATIONS			
Payroll	0.79	0.82	0.65 - 0.90
Employee Benefits	0.27	0.28	0.20 - 0.31
Utilities	0.06	0.07	0.04 - 0.09
Property Rentals	0.13	0.12	0.07 - 0.18
Taxes & Licenses	0.02	0.02	0.01 - 0.03
Insurance	0.03	0.03	0.01 - 0.03
Depreciation & Amortization	0.09	0.10	0.05 - 0.13
Equipment Rentals	0.03	0.03	0.00 - 0.04
Repairs & Maintenance	0.07	0.07	0.04 - 0.10
Supplies	0.06	0.05	0.03 - 0.07
Communications	0.01	0.00	0.00 - 0.01
Services Purchased	0.04	0.04	0.02 - 0.04
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.04	0.10	0.01 - 0.12
Credits & Allowances	0.18	-0.62	-0.85 - -0.02
TOTAL	0.75	1.10	0.46 - 2.00
TRANSPORTATION OPERATIONS			
Payroll	0.40	0.40	0.32 - 0.52
Employee Benefits	0.14	0.12	0.08 - 0.18
Taxes & Licenses	0.02	0.02	0.01 - 0.02
Insurance	0.02	0.02	0.00 - 0.03
Depreciation & Amortization	0.07	0.06	0.03 - 0.10
Equipment Rentals	0.02	0.03	0.00 - 0.03
Repairs & Maintenance	0.03	0.04	0.00 - 0.07
Supplies	0.07	0.05	0.00 - 0.09
Services Purchased	0.06	0.03	0.00 - 0.02
Travel	0.00	-0.01	0.00 - 0.00
Unclassified	0.07	0.07	0.00 - 0.10
Credits & Allowances	-0.16	-0.20	-0.18 - -0.01
TOTAL	0.74	0.64	0.63 - 0.89

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $750 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
MERCHANDISE & BUYING			
Payroll	0.19	0.20	0.11 - 0.27
Employee Benefits	0.05	0.04	0.01 - 0.06
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.01	0.01	0.01 - 0.02
Unclassified	0.02	0.02	0.00 - 0.03
Credits & Allowances	-0.35	-0.22	0.00 - 0.00
TOTAL	-0.08	0.06	0.13 - 0.39
ADVERTISING & SALES PROMOTION			
Payroll	0.04	0.06	0.01 - 0.08
Employee Benefits	0.01	0.01	0.00 - 0.01
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.01	0.02	0.00 - 0.03
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.34	0.24	0.00 - 0.63
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.05	0.14	0.00 - 0.01
Credits & Allowances	-0.03	-0.05	-0.06 - 0.00
TOTAL	0.42	0.42	0.05 - 0.81
ACCOUNTING & OFFICE SERVICES			
Payroll	0.15	0.16	0.12 - 0.23
Employee Benefits	0.04	0.04	0.02 - 0.06
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.01	0.01	0.00 - 0.02
Equipment Rentals	0.00	0.00	0.00 - 0.01
Repairs & Maintenance	0.01	0.01	0.00 - 0.01
Supplies	0.01	0.01	0.01 - 0.02
Communications	0.02	0.01	0.00 - 0.02
Services Purchased	0.02	0.01	0.00 - 0.02
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.01	0.02	0.00 - 0.03
Unclassified	0.04	0.06	0.01 - 0.09
Credits & Allowances	-0.01	-0.01	-0.01 - 0.00
TOTAL	0.31	0.32	0.21 - 0.48

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $750 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
DATA PROCESSING			
Payroll	0.12	0.13	0.08 - 0.14
Employee Benefits	0.04	0.03	0.01 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Depreciation & Amortization	0.02	0.02	0.01 - 0.03
Equipment Rentals	0.05	0.05	0.02 - 0.06
Repairs & Maintenance	0.01	0.02	0.01 - 0.02
Supplies	0.02	0.02	0.02 - 0.03
Communications	0.01	0.01	0.00 - 0.01
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Professional Services	0.00	0.00	0.00 - 0.00
Unclassified	0.02	0.01	0.00 - 0.03
Credits & Allowances	-0.01	-0.01	-0.02 - 0.00
TOTAL	0.28	0.28	0.14 - 0.30
GENERAL & ADMINISTRATIVE			
Payroll	0.25	0.27	0.21 - 0.32
Employee Benefits	0.09	0.10	0.04 - 0.11
Property Rentals	0.02	0.03	0.01 - 0.03
Taxes & Licenses	0.00	0.01	0.00 - 0.01
Insurance	0.01	0.01	0.00 - 0.02
Depreciation & Amortization	0.03	0.04	0.01 - 0.04
Equipment Rentals	0.00	0.00	0.00 - 0.00
Repairs & Maintenance	0.00	0.00	0.00 - 0.02
Supplies	0.01	0.01	0.01 - 0.01
Communications	0.01	0.01	0.00 - 0.02
Services Purchased	0.04	0.04	0.00 - 0.03
Travel	0.02	0.02	0.01 - 0.04
Professional Services	0.05	0.05	0.03 - 0.08
Donations	0.01	0.02	0.00 - 0.02
Unclassified	0.11	0.14	0.02 - 0.17
Credits & Allowances	-0.13	-0.12	-0.20 - -0.05
TOTAL	0.54	0.64	0.39 - 0.90
FIELD SUPERVISION			
Payroll	0.10	0.12	0.07 - 0.18
Employee Benefits	0.02	0.02	0.01 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.02	0.01	0.00 - 0.01
Unclassified	0.01	0.02	0.00 - 0.02
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.16	0.17	0.10 - 0.19

1988-89 FMI SUPERMARKET FINANCIAL PERFORMANCE STUDY

SALES VOLUME OVER $750 MILLION

	COMBINED DOLLAR AVERAGE	MEAN	MIDDLE RANGE
HUMAN RESOURCES			
Payroll	0.08	0.08	0.03 - 0.11
Employee Benefits	0.02	0.02	0.00 - 0.03
Insurance	0.00	0.00	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassifies	0.02	0.03	0.01 - 0.05
Credits & Allowances	0.00	0.00	0.00 - 0.00
TOTAL	0.14	0.14	0.06 - 0.18
REAL ESTATE			
Payroll	0.02	0.03	0.01 - 0.03
Employee Benefits	0.01	0.01	0.00 - 0.01
Taxes & Licenses	0.00	0.00	0.00 - 0.00
Insurance	0.00	0.00	0.00 - 0.00
Equipment Rentals	0.01	0.01	0.00 - 0.00
Supplies	0.00	0.00	0.00 - 0.00
Communications	0.00	0.00	0.00 - 0.00
Services Purchased	0.00	0.00	0.00 - 0.00
Travel	0.00	0.00	0.00 - 0.00
Unclassified	0.01	0.01	0.00 - 0.00
Credits & Allowances	-0.11	-0.07	0.00 - 0.00
TOTAL	-0.06	-0.01	0.03 - 0.03

APPENDIX

Survey Methodology and Demographics

In August 1989, the Food Marketing Institute mailed a confidential questionnaire to food distribution companies with annual sales over $50 million. The primary intent of this survey was to collect detailed financial and operating information.

Completed surveys were returned in strictest confidence to Leas, Noon and Associates, a survey research firm in Columbus, Ohio. To ensure confidentiality, all company identification was removed from each questionnaire and only a confidential identification code number remained. The data was then coded, keyed, and edited by Leas, Noon and Associates' financial analysts for validity and to produce the financial and operating ratios contained in this study.

In all, 26 firms responded to the survey, providing completed and usable questionnaires to Leas, Noon and Associates for processing. In particular, the statistical sample consists of the following:

	Number of Reporting Firms	Percent of Total
All Firms	26	100.0%
By Sales Volume:		
Less than $750 million	15	57.7%
Over $750 Million	11	42.3
By Geographic Region:		
Northeast	6	23.1%
North Central	6	23.1
South	10	38.4
West	4	15.4

FOOD MARKETING INSTITUTE

Supermarket Financial Performance Study

Confidential Reporting Form

Full Year
1988/89

General Instructions

1. It is not necessary to fill out this confidential reporting form completely in order to participate. **Please give us as much information as you can.**
2. If, in some instances, it is impossible for you to follow the instructions, do not answer those questions; write the words "**NOT AVAILABLE**" (or the abbreviation "**NA**") on the reporting form.
3. Your figures should be submitted for the LATEST fiscal year for which your books have been closed. This year need not conform with the calendar year. Data need not be audited.
4. **Please report all figures to the nearest dollar (eliminate cents).**
5. Please report all information on employees in **full-time equivalents** (based on 40 hours per week). For example, two part-time employees, each working 20 hours per week would equal one full-time equivalent employee.
6. Please report all data on a FIFO inventory valuation basis.
7. **This information will not be revealed to Food Marketing Institute or anyone else by this firm.**

Mail completed form to:

Leas, Noon & Associates
1585 Bethel Road
Columbus, OH 43220

This coupon will be detached when received by Leas, Noon & Associates to maintain confidentiality of your response.

Please Print.

Person to whom report should be sent:

Name____

Company____

Address____

City____________________ State________ Zip Code__________

Phone (______) ____________________

Responsibility

Natural Divisions of Expenses	Store Operations	Warehouse Operations	Transportation Operations	Merchandising & Buying	Advertising & Sales Promotion
Payroll	1	17	33	46	57
Employee Benefits	2	18	34	47	58
Utilities	3	19	▨	▨	▨
Property Rentals	4	20	▨	▨	▨
Taxes & Licenses	5	21	35	▨	▨
Insurance	6	22	36	48	59
Depreciation & Amortization	7	23	37	▨	▨
Equipment Rentals	8	24	38	49	▨
Repairs & Maintenance	9	25	39	▨	▨
Supplies	10	26	40	50	60
Communications	11	27	▨	51	61
Services Purchased	12	28	41	52	62
Travel	13	29	42	53	63
Professional Services	▨	▨	▨	▨	64
Donations	▨	▨	▨	▨	▨
Unclassified	14	30	43	54	65
Credits & Allowances	15	31	44	55	66
TOTALS	16	32	45	56	67

Definitions of Store Formats

Conventional Supermarket	Full-line, self-service store under 30,000 square feet with annual sales of $2 million or more.
Super Store	Full-line, self-service supermarket of over 30,000 square feet of selling area with expanded selections of food and non-food items.
Superette	Self-service food store with annual sales under $2 million.
Warehouse Store	Self-service supermarket featuring low prices, utilitarian fixturing, a warehouse atmosphere and annual sales of at least $2 million.
Combination Store	A supermarket with at least 25% of area in general merchandise.
Box Store	A limited assortment warehouse-type store.

Centers

Accounting & Office Services	Data Processing	General & Administrative	Field Supervision	Human Resources	Real Estate	TOTALS
68	82	96	113	123	133	145
69	83	97	114	124	134	146
▨	▨	▨	▨	▨	▨	147
▨	▨	98	▨	▨	▨	148
▨	▨	99	▨	▨	135	149
70	84	100	115	125	136	150
71	85	101	▨	▨	▨	151
72	86	102	▨	▨	137	152
73	87	103	▨	▨	▨	153
74	88	104	116	126	138	154
75	89	105	117	127	139	155
76	90	106	118	128	140	156
77	91	107	119	129	141	157
78	92	108	▨	▨	▨	158
▨	▨	109	▨	▨	▨	159
79	93	110	120	130	142	160
80	94	111	121	131	143	161
81	95	112	122	132	144	162

Store Formats

Line	Type of Store	# of Stores	Total Sales	Total Sq. Ft.
1	Conventional Supermarket	# 163	$ 171	179 Sq. Ft
2	Super Store	164	172	180
3	Superette	165	173	181
4	Warehouse Store	166	174	182
5	Combination Store	167	175	183
6	Box Store	168	176	184
7	Other	169	177	185
8	Total (sum of Lines 1 through 7)	170	178	186

Line	Income Statement		
1	Net Sales		$ 187
2	Cost of Goods Sold		188
3	Gross Margin (Line 1 minus Line 2)		189
4	Total Operating Expenses (from previous page)		190
5	Net Operating Profit (Line 3 minus Line 4)		191
	Other Income (Deductions)		
6	Cash Discounts Earned	$ 192	
7	Net Interest	193	
8	Net Other Income (Deductions)	194	
9	Total Other Income (Deductions) (sum of Lines 6 through 8)		$ 195
10	Net Income Before Income Tax (Line 5 minus Line 9)		196
11	Income Taxes		197
12	Net Income (Line 10 minus Line 11)		198

	Balance Sheet Data	
Line	**Assets**	
1	Cash	$ 199
2	Accounts Receivable	200
3	Inventory	201
4	Other Current Assets	202
5	Total Current Assets (sum of Lines 1 through 4)	203
6	Other Assets	204
7	Total Assets (sum of Lines 5 and 6)	205
	Liabilities	
8	Accounts Payable	$ 206
9	Notes Payable	207
10	Other Current Liabilities	208
11	Total Current Liabilities (sum of Lines 8 through 10)	209
12	Long Term Liabilities	210
13	Net Worth	211
14	Total Liabilities & Net Worth (sum of Lines 11 through 13)	212

Productivity Information	
ALL STORES	
Net Sales this Year	$ 213
Net Sales Previous Year	$ 214
Number of stores operated this year	# 215
Total Square Feet of Store Area (total of all stores) (sq. ft.)	# 216
Total Square Feet of Selling Area (including aisle space, space, lobby, and checkout area) (total of all stores) (sq. ft.)	# 217
IDENTICAL STORES ONLY*	
Net Sales this Year	$ 218
Net Sales Previous Year	$ 219
Number of stores operated continuously during this two year period	# 220
Total Square Feet of Store Area (total of all identifical stores) (sq. ft.)	221
Total Square Feet of Selling Area (including aisle space, lobby, and checkout area) (total of all identical stores) (sq. ft.)	# 222
PERSONNEL (Please provide answers in FTE's)	
Total Company Employees	# 223
Total "Store Operations" Employees	# 224
Total "General and Administrative" Employees	# 225
Total "Warehouse Operations" Employees	# 226
WAREHOUSE OPERATIONS	
Average Inventory at Cost	$ 227
Average Inventory Space in Cubic Feet	# 228
Shelf Space Square Footage (sq. ft.)	# 229
Number of Distribution Centers	# 230
Total Tonnage Thru Put	# 231
Total Distribution Center Dollar Volume at Cost	$ 232

***"Identical Stores" are those which were operated continuously during the two year period (i.e., the most recent fiscal year and the previous fiscal year).**

DEFINITION OF RESPONSIBILITY CENTERS

Store Operations

The expenses of this responsibility center include all of the direct costs (including employee benefits) of operating individual retail stores. Include here labor costs of employees assigned to stores, supplies and services consumed at the stores, and similar direct store costs, covering receipt, handling, preparation for sale, display and sale of merchandise and the related customer service.

Warehouse Operations

The expenses of this responsibility center include all of the costs (including employee benefits) of receiving, checking, storing, selecting and loading of merchandise and supplies for distribution to the stores. It should not include the cost of manufacturing, processing, or packaging operations located in the warehouse, which should be charged (directly, or by credit to this center) to inventory.

Transportation Operations

The expenses of this responsibility center include all of the company's costs (including employee benefits) of operating a fleet of vehicles for the delivery of merchandise to stores. Hired hauling is included in this center as services purchased. Garage costs (including employee benefits) of repairing the trucks, tractors, and trailers used in the delivery of merchandise to the stores are included in this center. It also includes all costs relating to company-owned vehicles used for all other purposes and charged to the responsibility centers on some established charge-out basis.

Merchandising and Buying

The expenses of this responsibility center include all of the costs (including employee benefits) of the developing of merchandising and pricing policies and the procurement of all items sold or consumed in the stores. Include all buyers, merchandising managers, and clerical and administrative assistants.

Advertising and Sales Promotion

The expenses of this responsibility center include all of the company's costs (including employee benefits) relating to advertising and display, sales promotion, trading stamps and redemptions, double coupons, giveaways, games, customer relations, and public relations; and all other costs incurred to attract and retain customers.

Accounting and Office Services

The expenses of this responsibility center include all of the costs (including employee benefits) of the accounting and bookkeeping activities including tabulating, internal auditing, store inventory taking and processing, budgeting, and all similar activities usually performed by the controller's office. Include also all office service costs such as mail room, telephone switchboard, general office supplies, etc.

Data Processing

The expenses of this responsibility center include all of the company's costs (including employee benefits) relating to the data processing activities of the firm. Include all charges such as tabulating, computing, and programming costs, performed both internally and that which is performed by an outside agency. Expenses for POS register and individual store data processing equipment should be charged to the store operations responsibility center.

General Administration

The expenses of this responsibility center include the costs (including employee benefits) of all central office activities not provided for in the other responsibility centers. Include here the costs and expenses of corporate officers, staff, insurance administration, design and construction, research and development, legal and financial, etc.

Field Supervision

The expenses of this responsibility center include all of the costs (including employee benefits) of the employees engaged in the supervision and administration of the stores. Included herein are the superintendent of stores, regional, divisional, or district managers and supervisors, and the clerical and administrative assistants of such employees, whether stationed in the field or at the home office. Do not include those employees who make occasional field trips and whose primary function is buying or the developing of merchandising policies, who should be charged to Merchandising and Buying.

Human Resources

The expenses of this responsibility center include all of the company's costs for the human resource and personnel functions. Do not include payments and awards based upon contests or any payment or bonuses controlled or governed by individual performance, which should be charged to the payroll accounts of the centers to which the employees are charged.

Real Estate

The expenses of this responsibility center include all of the company's administrative costs relating to real estate, buildings, fixtures, and equipment. Do not include costs for utilities, rentals, taxes and licenses, etc., which are incurred by stores and/or warehouse operations.

NATURAL DIVISIONS OF EXPENSE

Payroll

The natural division "Payroll" includes all salaries, bonuses, or other wage payments for full and part-time employees, including both straight time and overtime.

Employee Benefits

The natural division "Employee Benefits" includes all costs of employee compensation not covered by Payroll. Such expenses include payroll taxes, insurance premiums, vacation, holiday and sick pay, costs associated with operation of employee restaurants and lounges, etc.

Utilities

The natural division "Utilities" covers services purchased from public utilities other than the telephone company, such as gas, steam, electricity, and water.

Property Rentals

The natural division "Property Rentals" is limited to those amounts paid or accrued for the rental of real estate or physical properties, such as land, buildings, offices, warehouses, distribution centers, garages, and parking lots. It does not include payments made for the rental of office and similar equipment, nor does it include taxes, maintenance supplies, repairs, and insurance, or depreciation related to real estate, which shall be charged to other natural divisions.

Taxes and Licenses

The natural division "Taxes and Licenses" includes state and local taxes paid or accrued as well as license fees. Federal and state taxes on income are not to be charged to this natural division.

Insurance

The natural division "Insurance" shall be charged with the cost of all insurance (except employee benefits insurance), whether purchased from outsiders or provided through company reserves, net of dividends and earnings on mutual and reciprocal insurance contracts.

Depreciation and Amortization

The natural division "Depreciation and Amortization" covers depreciation on the book value of buildings, building equipment, furniture, fixtures, office and store equipment, as well as the amortization of book value of leasehold and leasehold improvements.

Equipment Rentals

The natural division "Equipment Rentals" shall be charged with expenses for the rental of all equipments such as cash registers, accounting machines, computers, trucks, etc.

Repairs and Maintenance

The natural division "Repairs and Maintenance" covers the cost of repairs and maintenance of buildings, building equipment, furniture, fixtures, office and store equipment, etc., purchased from or performed by outsiders. This natural division is not to be charged with supplies and repair parts used in repair work performed by the company's own employees, nor with the cost of company labor used in this work.

Supplies

The natural division "Supplies" covers such items as bags, cartons, wrapping materials, cleaning items, stationery, printed forms, register tapes, uniforms, ice, and similar items consumed in the operation of the stores, distribution centers, and offices.

Communications

The natural division "Communications" covers the cost of communication of the company, including postage, telephone, toll service, telegrams, cables, radiograms, teletype service, and telephone equipment rental.

Services Purchased

The natural division "Services Purchased" consists of those services purchased from outsiders, whether companies, individuals, agencies, or independent contractors, which add, supplement, or substitute for a normal routine activity such as advertising, hired hauling, laundry service, scavenger service,pest control, sanitation, armored service, window cleaning, detective service, calculating, statistical typing, etc.

Travel

The natural division "Travel" covers all expenses arising as the result of travel, including transportation, hotel bills, taxi fares, meals, tips, and incidentals.

Professional Services

The natural division "Professional Services" covers professional fees, such as those for public accountants, lawyers, appraisers, architects, and others whose skill is highly specialized and of a professional character.

Donations

The natural division "Donations" includes the cost of gifts to welfare, charitable, educational, or similar institutions or organizations where the purpose of the donation is not principally for publicity purposes.

Unclassified

The natural division "Unclassified" really is not a natural division of expense as such, but has been established to accumulate those items of expense not specifically assigned to the other natural divisions.

Credits and Allowances

The natural division "Credits and Allowances" is not really a natural division as such, but has been provided to receive credits and allowances to expense which are necessary to relieve certain responsibility centers of expenses which should be transferred to other responsibility centers, to cost of sales, to capital accounts, or to receivables. Where such a transfer of expense to another responsibility center is "pure", that is, related only to payroll, supplies, or a similar natural division, the transfer may be made directly from one natural division to another. In most instances, however, transfers of expense cover the accumulated cost of performing a job of work and, therefore, the credit in one center shall be made to this natural division, and the charge shall be made to an appropriate natural division in another center as specified in the description relating to the particular centers involved. The natural division of "Credits and Allowances" also covers the amount of cash or similar allowances received from outsiders for services performed.

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